

JANUARY 19, 1987

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TIME

ETHICS
Whose Baby
Is This?

Those Shadowy Arms Traders

Adnan
Khashoggi's
High Life and
Flashy Deals



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[‡]Effective January 1, 1987.

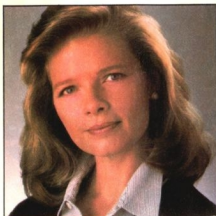
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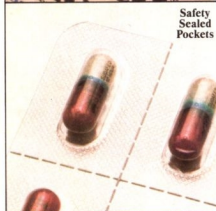


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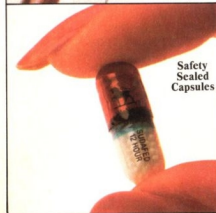
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Safety Sealed Pockets



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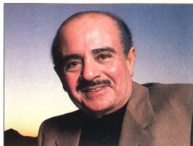
Burroughs Wellcome Co.
Research Triangle Park
North Carolina 27709



COVER: Iranscam throws a bright light 26 on the shadowy world of the arms dealers

Adnan Khashoggi and Manucher Ghorbanifar explain how they maneuvered to set up sales of U.S. weapons to Iran.

► Khashoggi may be in some financial trouble, but as a lavish spender he is still the global champion. An inside look at the Saudi sybarite's glittering world of jets, yachts, mansions, fabulous parties and glamorous "escorts." See **WORLD**.



BUSINESS: The Dow Jones tops 2000 48 as Wall Street enters 1987 on a bull run

The stock market breaks through an important psychological barrier into uncharted territory. While professionals take the milestone in stride, many believe that the run-up marks the start of a third and major upsurge in the great bull market that began in 1982. ► Corporate Raider Carl Icahn gives up on his bid for USX. ► Defections plague a computer-industry alliance.



ETHICS: The case of Baby M. raises 56 the dilemmas of surrogate motherhood

If a society legitimates the practice, does it imperil its most venerable notions of kinship? Or if surrogacy is prohibited, are childless couples denied a way to realize the most venerated purpose of their union? Such issues are central to a New Jersey trial in which a judge must answer the most searing question of all: Whose child is this?



16 Nation

A leaked Senate report provides fresh insights into the Iranscam puzzle. ► Presidential hopefuls rush the 1988 campaign kickoff. ► A poll for **TIME** shows that Iranscam has hurt the Republicans. ► A provocative book on Martin Luther King and a television special on civil rights shed light on the man and the movement.

36 World

Public strikes cause chaos in France. ► Chad scores a victory against Libyan forces. ► South Africa's new attacks on the press.

76 Theater

Soviet Director Yuri Lyubimov makes a blazing U.S. debut with *Crim and Punishment*. ► Mary Tyler Moore shines in *Sweet Sue*.

66 Living

There's a boom in gemstones: converts to New Age spiritualism use crystals as talismans, and collectors find new value in rock art.

78 Books

Nathan Zuckerman lives, dies and lives again in Philip Roth's *The Counterlife*, a novel that explores the truth about fiction.

70 Cinema

Julie Christie, Gérard Depardieu, Béatrice Dalle and a gaggle of horny Québécois enliven four foreign-language films.

82 Essay

From Crim Tide to Hoya and Tar Heel, the identities of sports teams are tied to colorful and sometimes appalling nicknames.

8 Letters
59 Science
60 Education
63 People
75 Religion
80 Milestones

Cover:
Photograph by
Ted Thai

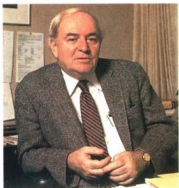
A Letter from the Publisher

TIME's editors have observed an increasing number of stories that involve a conflict between modern scientific and social trends on the one hand and traditional values on the other. The list of such subjects is long. It includes everything from test-tube conception to right-to-die legislation, insider trading to South African sanctions. In many cases, despite detailed coverage and full public discussion of opposing views, urgent moral and philosophical questions linger and continue to trouble the American conscience.

To focus on these questions of right and wrong, the editors have decided to create a new section of the magazine called Ethics. The section is being launched this week with a story on the bitter custody battle between the surrogate mother of New Jersey's Baby M. and the biological father and his wife.

Says Managing Editor Jason McManus: "Americans are arguing the shoulds and should-nots of issues as seldom before. In part, this is because our society and our technology have so increased the range of what is possible, whether it is prolonging life or profiting illicitly in the stock market. In some cases, ancient moral precepts address the problem; in others, wholly new ethical concepts may need to be forged. The new section will report on these vital moral struggles."

Ethics is the latest section that TIME has added to reflect



Assistant Managing Editor Elson on the job

changing trends and interests, including Health & Fitness (1985), Food (1984), Computers (1982) and Design (1981). The department will be overseen by Assistant Managing Editor John Elson, who has edited the Nation, World, Essay and Religion sections during his 30-year career at TIME. "When ethics is the heart of a matter of public concern, the story will run in this section," he explains. "But Ethics will never be a platform for any one point of view." The section will draw on editors, writers and reporter-researchers knowledgeable in law, religion, medicine, education and other appropriate areas.

This week's story was prepared by Law Writer Richard Lacayo. "In reading the literature on surrogate mothers, I have had to think through my own feelings with a thoroughness that has not been demanded before," he says. "Decent people can come down on either side of the question, so my job is to help people clarify their thinking."

TIME's editors hope readers will find this inaugural Ethics story, and those in future issues, not only thought provoking but helpful in understanding the moral issues that underlie so many news events.

Richard B. Thomas

If You've Got It, Here's A Great Way To Carry It!

Whether you're shopping for six, or skating at 6:00, this super strong tote bag can handle anything you've got to carry. Heavy duty 100% cotton canvas ensures durability while a roomy 24"x15"x8" size accommodates anything you want to pack. A short strap allows for either hand or shoulder carrying.

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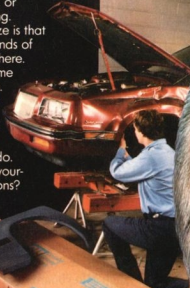
It's your car. And it's your choice.

"Most people assume that GM cars automatically get fixed with genuine GM parts. Especially when it's a hood, fender, or door that needs replacing.

What they don't realize is that there are literally thousands of imitation GM parts out there. And some don't even come close to GM specifications. They don't have to meet rigid General Motors standards for fit, finish and corrosion protection the way genuine GM parts do.

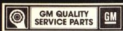
How can you protect yourself against these imitations? Ask to see your repair order before the work begins. If it specifies non-genuine parts, call your insurance agent and insist on genuine GM parts.

You'll be happier with the results."



E. L. Marshall

Insist on genuine
General Motors Parts.



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1. _____

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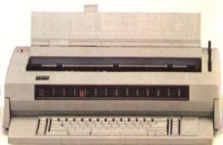
3. If you've liked the feel of IBM typewriters, you'll be glad to know we haven't lost our touch. Our new ones feel just as good as our old ones. We have made some adjustments, though. We've added features that adjust to you, such as keyboards that tilt to different positions.

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8. Misspell a word with some typewriters and you might not see it until five lines later. Now, with an IBM Wheelwriter or Quietwriter typewriter you can find out immediately. Spell-Check is an option that recognizes misspellings as you type them and lets you know with a beep. (The beep would go off right heer.) It has a built-in dictionary of 50,000 words with room for even more words or names you'd like to add.

NINE. No matter what you type, we've got your type style. There are dozens available, and with the IBM Quietwriter 8[®] Typewriter, you can also emphasize words with wide, expanded type (terrific for headings and titles). Some models even have proportional spacing, so your documents don't look typed, they look type-set.

10. As you may guess by its name, the IBM Quietwriter 8[®] Typewriter doesn't make a lot of noise. Its non-impact printing technology makes your sentences glide almost silently onto the page.

11. Stacking money, or any columns of numbers, has never been easier. Most models can align columns of numbers around decimal points automatically.

11¹/₄₈. At the touch of a button, you can move the paper up or down by as little as 1/48 of an inch. So you can easily put letters exactly where you want them, which is really helpful for complicated forms. Some models also have half-backspace keys that let you squeeze in forgotten letters without overcrowding the others.

12. If you hate the mess of changing ribbons and other typing elements, that's another good reason for changing typewriters. IBM's high-quality ribbons, correction tapes, printwheels and electronic fonts come in special "clean hands" cartridges.

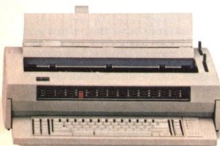
13. With an optional, easy-to-read display, you can see what you're typing before it's printed. Which will help you make revisions before they ever appear on your page.

14. When you buy a new IBM typewriter, you'll be buying it from somebody special. Each IBM authorized typewriter dealer has been specially selected and trained to help you choose the typewriter that's just right for your needs. To find the dealer that's closest to you, call 1 800 IBM-2468.

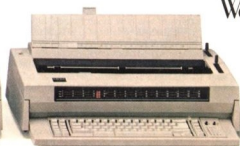
15. And, in addition to having so many advanced features, these models all come with the three letters that secretaries want most on a typewriter:

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The IBM Wheelwriter[®] 6 Typewriter



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Letters

Woman of the Year

To the Editors:

Bravo, TIME, for choosing Corazon Aquino, the very courageous, intelligent President of the Philippines, as the No. 1 person of the year [WOMAN OF THE YEAR, Jan. 5]. She is an extraordinary individual and one of the bright spots in the world today.

Margaret Doyle
Farmington Hills, Mich.

Aquino is a triumphant symbol of democracy and an inspiration to victims of oppression all around the world. You made the right choice.

Martin S. Coronel
New York City



Your selection leaves me laughing. Aquino's mistakes have exposed her inadequacies as a world leader. If you felt pressure to choose a woman, South Africa's Winnie Mandela would have been a far superior alternative.

Terry Fay
Hobart, Ind.

Congratulations on naming Cory Aquino Woman of the Year, which she most certainly is. And thanks for telling the truly thrilling Philippine story inspiring. Your "cheerful revolution" account of Cory's "steel and roses" miracle is, appropriately, the Story of the Year.

Dianne Feinstein, Mayor
San Francisco

President Aquino is a beacon of hope in a world all too often preoccupied with the use of violence as a means to an end.

Edward J. Drost
Skokie, Ill.

It is no surprise that wily Cory won out. Marcos suffered the fate of all dictators. He was too arrogant to plan for a country without him and became the absurd, bloated caricature of his past.

Michael M. Rosenblatt
Seattle

Aquino has done little to deserve your accolade. Oliver North at least created a new facet to our foreign policy that, although not necessarily "right," has already affected diplomatic thinking. Mikhail Gorbachev has opened the Soviet state more than at any other time in the post-Stalin era, and his actions may lead to better East-West relations. But the average Filipino is no better off with Aquino as President than he was under Ferdinand Marcos. The Philippine economy is still in a dismal state, and internal dissent is rising. Until her policies prove to be more effective, Aquino will be like a new paint job on an old Chevrolet—pleasing to the eye but insignificant as to how well the car runs.

Eric Fung
Riverside, Calif.

Your report about this beloved leader gave vivid meaning to "People Power" and affirmed the inalienable right to be free and live in dignity.

Phil Basa
New York City

With so many problems inherited from the 20-year reign of Ferdinand Marcos, the Philippines is lucky to show any signs of political, moral or economic improvement. Aquino will be remembered as the person who saved democracy for the Philippines.

Tomas Gonzales
San Francisco

Aquino not only established optimism in a crisis-stricken nation but restored pride to the Filipino people.

Anna Olarte
Stateline, Nev.

Dear 2086

Roger Rosenblatt's "A Letter to the Year 2086" will leave future generations with a far clearer perception of us than any history book ever will [TIME CAPSULE, Dec. 29]. Rosenblatt's insight is almost eerie in its accuracy. He included our tragedies as well as our achievements. Maybe those in the future will be able to profit from our mistakes and improve upon our goals.

Donna Lynn Renfrow
Morgantown, Ky.

As I read the Capsule, all I could think of was how much I would like to be alive in 2086 to tell my great-great-grandchildren about 1986.

Theza Lee Griesman
New York City

"A Letter to the Year 2086" makes some excellent points but seems to imply the world will continue to go on much as it has been doing. It will not. The year 2086 will be less like 1986 than 1986 was like 1786. The pace of change is accelerating

unbelievably. This letter should be addressed to 2036, and even that may be too far in the future.

Herbert N. Woodward
Winnetka, Ill.

Your story reminded me of a poem by the early 20th century English poet James Elroy Flecker titled *To a Poet a Thousand Years Hence*. Flecker took a greater leap of faith in addressing himself to readers 1,000 years away, but I find his words peculiarly apposite:

*I who am dead a thousand
years,
And wrote this sweet archaic
song,
Send my words for
messengers
The way I shall not pass along.*

Maureen Van Horn
Pittsfield, N.H.

1986 in Pictures

In the photographic review of the year [IMAGES '86, Dec. 29], Time excluded earth's 1986 extraterrestrial visitor Halley's comet. Shame on you.

Ludivina Garcia
McAllen, Texas

The Farewells section of Images '86, for those who died during the year, was incomplete. You left out the innovator of crooning, Rudy Vallee, and four other fine musicians, Harold Arlen, Richard Manuel, Sonny Terry and Sippie Wallace. You should also have mentioned Broderick Crawford, Jean Genet, Sterling Hayden, Ray Milland, Desi Arnaz, Vincente Minnelli and Donna Reed.

Bennett Bade
Denver

How could you possibly omit from the list of Farewells Nepal's Tenzing Norgay, who with Sir Edmund Hillary was the first to climb Mount Everest?

Sohini Biswas
New Delhi

Bon Voyager

The crew of *Voyager*. Pilots Dick Rutan and Jeana Yeager, and Engineer Burt Rutan, who designed the experimental plane, should receive the appreciation of all Americans [NATION, Dec. 29]. The Rutans and Yeager will always be associated with the American spirit of flying and adventure, just as Charles Lindbergh and Amelia Earhart were in their day. These courageous aviators have captured America's imagination, proving once again that our pioneer spirit is alive.

Samuel S. Sherwin
Los Angeles

Congratulations, *Voyager*, for giving the world an event at Christmas that was free of politics, race, sex and AIDS. Your



**The first VCR that
makes a bad
tape good.**

In this imperfect world, some videocassette recordings look worse than others. That's why NEC invented the new DX-2000U. It's the world's first VCR with Digital Noise Reduction—a computerized system that actually improves the picture.

On the left is a dramatization of a noisy videocassette. (Noise can arise from repeated playing, off-air recording,

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This doesn't just happen to animals in research. It happens to people, too. Smart people. Successful people. People in control. Until they lose all control. To cocaine.

They turn away from friends and family. Lose jobs and self-esteem. And even die before they ever get help.

Getting help is critical. At Parkside, we can help you or

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Our counselors are caring professionals who know how to treat dependency on cocaine and other drugs. From our experience, we know that cocaine dependence is, after all, a disease. And like most diseases, insurance will probably cover its treatment.

Parkside's nationally recognized program gives you every chance for success. It's drug free, medically supervised and run by dedicated professionals who know that in order to treat the disease, you must treat the whole person.

If cocaine has become a


problem, we know how to help. Call us for a confidential consultation. There's no charge. There's no obligation. And no one but you has to know.

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Letters

wonderful journey round the world in nine days was a timely reminder that flying can still be fun and is not just a factor in defense budgets or a subject of profit-and-loss accounts.

*Maurice Allward
Hatfield, England*

Regaining Citizenship

When I read that Writer Margaret Randall relinquished her American citizenship in order to get a job in Mexico [LAW, Dec. 29], I couldn't help wondering about the many people who are waiting to become American citizens for the first time. Is Randall entitled to have a second chance to be a citizen before others have had their first? I'll shed no tears if she loses her case.

*Elizabeth Cortright
Hartsdale, N.Y.*

I have no sympathy for Margaret Randall and people who share her negative views about American policies. It has become all too common for individuals to bad-mouth the U.S. and yet take full advantage of the benefits of living here. It is obvious that Randall's life is hypocritical, since she has described the U.S. as the "most powerful enemy humankind has known." If it is so wicked, why does she insist on living here?

*Michael J. Morris
Ann Arbor, Mich.*

Thinning the Ranks

I would like to compliment you on your excellent article about CBS's acting chief executive officer, Laurence Tisch [ECONOMY & BUSINESS, Dec. 22]. His campaign to reduce costs at the network may seem harsh, but I totally agree with it. If a company is to function properly, it must have a lean, efficient work force. Mr. Tisch's blunt methods may be questioned, but he should be commended for his swift work in trying to get CBS back to the top.

*Hugh A. Peliz II
Wheatland, Wyo.*

Forests from Scratch

Hurrah for Biologist Dan Janzen's efforts to restore degraded lands in Costa Rica to natural ecosystems by creating a tropical dry forest [ENVIRONMENT, Dec. 29]. Throughout Mesoamerica there are treasures of agronomic, medical and cultural value worth preserving. Central America, far from being a junkyard, is a potential Garden of Eden where a Janzen can be of more help than a Rambo.

*José R. Quezada
Visalia, Calif.*

LETTERS TO THE EDITOR should be addressed to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020, and should include the writer's full name, address and home telephone. Letters may be edited for purposes of clarity or space.

DO YOU REALLY WANT A PET?

An adorable little kitten will fit into your pocket. A cuddly puppy will snuggle into your lap. But before you take the plunge into pet ownership, you should realize that they will not stay babies forever.

Puppies and kittens will grow and may create havoc in your household. Animal shelters are full of pets that were thrown away once they matured.

Before acquiring a companion pet, ask yourself a few questions. Are you prepared to give it lifetime care? Do you have the time to feed, exercise and groom it? Can you give it the daily care and companionship it needs? Can you afford the financial responsibility of ownership—the food, shots, veterinarian fees, licenses and medicines?

If you find yourself answering "no" to any of these questions, you're not ready for a pet. If all your answers are "yes," you will have a wonderful addition to your home.



friends of animals, inc.
Dept. FTMA
One Pine Street
Neptune, New Jersey 07753

A non-profit organization. Your membership is invited. Those who make a tax-deductible contribution of \$25 or more will be sent the attractive 24" x 36" poster, entitled
Extinct is Forever.



IMAGINE ONE JET WITH THE FIREPOWER OF A WWII SQUADRON.

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DICK HALSTED

Nation

TIME/JANUARY 19, 1987

Mixed Blessing

A Senate report provides a damning vindication for Reagan

For the first time in the short history of the labyrinthine White House scandal, a plausible version of events was taking shape, based on sworn testimony and Administration documents. According to the latest scenario, the Administration's weapons deals with Iran were a straightforward arms-for-hostages swap. Reagan's repeated claim that the transactions were an overture to moderate factions in the Iranian government was no more than a rationale concocted by CIA Director William Casey. Lieut. Colonel Oliver North was instrumental in persuading the President to proceed; North's boss, former National Security Adviser John Poindexter, was aware that Iran arms profits were being diverted to Nicaraguan *contras*. Casey, too, knew of the diversion weeks before he has claimed he was told. Yet Ronald Reagan seemed "surprised" to learn last November of the *contra* connection.

These were some of the disclosures in a Senate Intelligence Committee draft report based on the four weeks of hearings the panel held before Christmas. Although committee members voted last

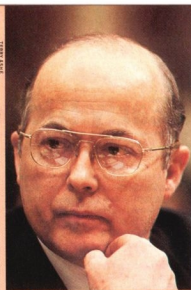
week against releasing their findings, an earlier version, like so many other important documents in Washington, was leaked before the week was out. Despite the report's damning implication that the President either did not know or did not comprehend fully what his staff was up to, the White House was eager for the document's release. The primary reason: the preliminary investigation found no evidence linking the President to the illegal rerouting of money to the *contras*.

Shortly after highlights of the document were broadcast on *NBC Nightly News*, the White House announced, "We believe that this report will underscore the fact that the President knew absolutely nothing about the diversion of funds from Iran to the *contras* and that no such policy was ever approved by the President." In the terminology of Watergate: no smoking gun. It was a curious vindication, proclaiming Reagan's innocence by revealing his ignorance.

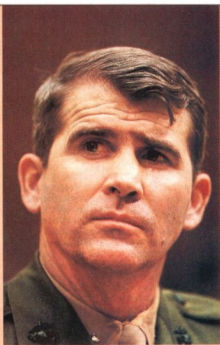
The strategy seemed intended to distance the White House from the scandal's central players, North and Poindexter. Earlier in the week, White House officials

said the Administration had unwittingly given misleading testimony to Congress about the Iran affair based on a falsified chronology that North had prepared with CIA assistance last November. "People are coming to grips with the fact that North just doesn't tell the truth very much," said one Reagan aide. But the tactic could backfire if the two rogue former NSC staffers, who have so far kept silent, decide to start talking. "So we're throwing Ollie over the side?" mused a White House official after watching the week's events. "That's not very smart."

Knowing that the report would exonerate Reagan of complicity in the *contra* connection, the Administration had been pressuring the Intelligence Committee to make its findings public. Taking their cue from the White House, many Republican lawmakers were demanding immediate disclosure. Democratic Senators contended that the current draft was still incomplete and full of inconsistencies. Moreover, 13 Administration officials—including members of the CIA and the NSC—had been allowed to inspect the text, deleting portions they deemed diplo-



The First Couple were all smiles at Bethesda after the President's successful prostate surgery. But new revelations about Casey, Poindexter and North could make Reagan's recuperation less cheery.



matically sensitive or dangerous to national security. And since neither North nor Poindexter would testify, the findings were far from complete. Said New Jersey Democrat Bill Bradley: "It's like going to a movie without the stars. You only get to see the extras." Finally, the committee voted, 7 to 6, against releasing the report. Instead, the panel decided to work on the document and pass it on to the Senate select committee investigating the scandal.

There are in fact contradictions and gaps in the draft version that was leaked. But the report does clarify some of the details of how the Iran-*contra* affair evolved. In December 1985, for instance, several of Reagan's top aides argued against sending U.S. arms to Iran. But, the report says, North may have won Reagan over with a memo warning, "If the program is terminated, then the hostages will die."

Another North memo, prepared for the President last January, also outlined the rationale for beginning direct U.S. arms shipments to Iran. Reagan evidently did not read the three-page document. Instead, Poindexter apparently gave him an oral briefing and then signed Reagan's initials at the bottom. The White House was at pains to point to the paper's justification of weapons deliveries as a way of fostering ties to Iran's moderate elements. Yet the Senate report says that Casey had devised this line of reasoning to cloud the true arms-for-hostages nature of the arrangement. The document claims that arms shipments "may well be our only way to achieve the release of the Americans held in Beirut."

The day after the Senate report was leaked, White House Counsel Peter Wallison released both the background memo and Reagan's secret intelligence "finding" authorizing the arms sales to Iran. "I don't

want to argue whether this was in fact a swap of arms for hostages," a Reagan aide told reporters. He insisted the documents showed that the weapons deal "was part of a much broader initiative that would help stabilize the [Persian Gulf] region."

The Senate report states that last Oct. 1, Charles Allen, a national intelligence officer at the CIA, told Deputy CIA Director Robert Gates he suspected a diversion of Iran arms profits to the *contras*. Six days later they discussed the matter with Casey. On Oct. 9, Casey and Gates confronted North. The NSC aide denied there was any *contra* connection. This scenario contradicts Casey's claim that he did not learn of money being diverted to the rebels until just before Attorney Gen-

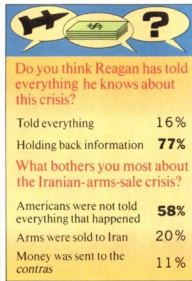
eral Edwin Meese announced it to the public on Nov. 25. Last week the CIA released a statement reiterating the director's earlier contention that he was informed only of "tenuous speculation" about the *contra* funding. Casey is recovering from surgery for a brain tumor, and reports circulated last week that he is having trouble speaking and cannot stand or walk. Few in Washington believe he will rejoin the CIA or give any further testimony on the arms scandal.

Reagan had nothing to say about the Iran affair. Returning to the White House after successful prostate surgery, the President exclaimed, "I feel great!" but he still planned on keeping a low profile and following an abbreviated work schedule until his State of the Union address at the end of the month.

It is questionable whether the White House emphasis on Reagan's lack of culpability will really help defuse the scandal. In a poll for TIME last week by Yankelovich Clancy Shulman, 58% of the respondents said that what bothered them most about the Iran-*contra* affair was that the public had not been told everything that happened. More than three-fourths of the public believe that Reagan is still holding back what he knows.

The President can be heartened by the fact that his overall job performance gets a 53% approval rating. Yet 47% of those surveyed say they have less confidence in him since the controversy began, and 61% disapprove of the way he has handled the crisis. As his aides scramble to protect Reagan, they should keep in mind that the key issue may not be the President's complicity but his credibility.

—By Jacob V. Lamar Jr.
Reported by David Beckwith and Barrett Seaman/Washington



Rushing to an Early Kickoff

The '88 campaign, the most wide open in decades, is under way



Dubuque's annual small-college basketball tournament is drawing some far-flung spectators this year. Delaware Senator Joe Biden and former Arizona Governor Bruce Babbitt, who have more on their mind than hoopsters, decided it was the place to be on Sunday. Others are likewise discovering the joys of Iowa in January. New York Congressman Jack Kemp was there twice last week, and former Delaware Governor Pete du Pont is going there this week to tell farmers how he plans to phase out commodity price supports, then heading to New Hampshire for his fifth visit in five months.

To most Americans, trucking dedicated Christmas trees to the dump marks the slow beginning of a new year. But for the class of 1988, it is only 13 months before voters in Iowa begin to choose convention delegates, and 1987 seems all too short. While Washington wonders whether Ronald Reagan can recover from Irancon, those who hope to succeed him are organizing for what promises to be the least predictable, most wide-open campaign in at least a generation.

Delegate selection will take place even earlier than usual. Twelve Southern and Border states, trying to increase their influence on the parties, will hold primaries on March 8 of next year. This has led some other states to move up their dates as well. By March 15 nearly half the delegates will probably have been chosen. No one knows whether this front-loaded calendar will make for early decisions or whether the large fields will fragment the results until later in the game. The presence of two Baptist ministers—Jesse Jackson on the Democratic left and Pat Robertson on the Republican right—also casts conventional scenarios in doubt. But one thing is certain: more candidates are out campaigning earlier than ever in the belief that late starters are likely to be left in the dust.

To mount a serious campaign next winter, a candidate must raise more than \$3 million this year. Already potential contributors are scouting the field; in Phoenix this weekend, 36 Democratic donors who have formed a group called Impac '88 met to discuss uniting behind one candidate early on. Meanwhile, skeletal campaign organizations were adding expert meat

to their bones. Babbitt last week became the first Democrat to form a full-fledged campaign committee. In the past fortnight senior strategists also took posts in the campaigns of Kemp, Du Pont, Gary Hart and Richard Gephardt.

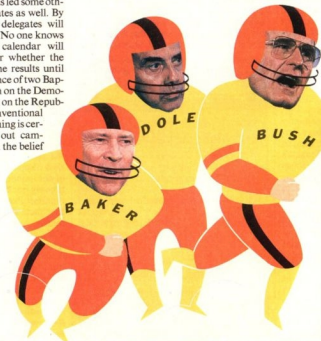
Mechanical preparations aside, the dynamics of 1988 promise drastic differences from the past four elections. For the first time since 1968, no incumbent is running. For the first time in memory—since 1952, at least—the race in both parties is completely open. Neither party boasts a dominant potential leader with a solid lead at this stage.

Robert Strauss, once Democratic chairman and now Washington's senior soothsayer, argues, "The confluence of these political circumstances opens the nominating process wide in both parties." Pollster Peter Hart carries that idea further, predicting that those running well behind in today's opinion surveys will have the best chance to win the nomination. "Some of the candidates little known today will fulfill what voters will be looking for," he says. "Voters will prefer a fresh start to continuation of the stable present."

A candidate's ability to come across as a strong, trustworthy leader will remain a pivotal factor in both the primaries and the general election. But this time out, if voters look carefully, they will find a richer de-

bate than usual amid the inevitable glitz and hokum. None of the candidates has a large enough base of support to run on his established image or political IOUs. Both major parties must try to draw a credible road map for the 1990s. Democrats, while decrying the failures of Reaganomics—huge trade and budget deficits, decline of basic industries and family farms, unmet needs of the underclass—must propose specific, affordable remedies. Republicans, while crowing about Reagan's accomplishments—inflation stunned, interest rates slashed, sustained economic growth since the recession of '82—must explain how they will do still better.

Among Republicans, George Bush has the on-the-job training necessary to get high grades on any issue examination, foreign or domestic. Yet even before Irancon, he was a limping front runner, living evidence of why no sitting Vice President has won the White House since Martin Van Buren was elected in 1836. It is difficult for a loyal Vice President, and Bush has certainly been that, to establish independent credentials. While many Republicans like Bush well enough, some of the most conservative activists doubt his commitment to their pet issues, such as abortion and school prayer. They remember that he meant it during



Who is your first choice for President?

SCORE REPUBLICAN CANDIDATES

	Jan. 1987	May 1986
George Bush	40%	51%
Robert Dole	20%	13%
Howard Baker	7%	8%
Pat Robertson	6%	5%
Jack Kemp	5%	5%
Pete duPont	1%	1%
Patrick Buchanan	1%	NA

Asked of Republicans and Independents

TIME Charts by Renee Kline

the 1980 primaries when he called Reagan's fiscal program "voodoo economics." Bush turned out to be correct, but to say "I told you so" now would be fatal.

The Vice President is the best known of the Republicans, and he owns a solid organization. Although a TIME poll taken last week shows that he has slipped 11 points since last May, he is still the first choice of 40% of Republicans and independents surveyed, twice the figure for Kansas Senator Robert Dole. Sometime in mid-spring, Bush will begin a series of major speeches, says an aide, in which he will "lay out his ideas for the future."

Dole gains from Bush's weakness and is now solidly in second place among Republicans. Though he has run afoul of supply-side purists because he pragmatically worries about the budget deficit, he has placated the right wing on most other issues while retaining the confidence of the G.O.P. establishment. He projects an aura of gritty competence, an increasingly valued attribute as the drawbacks of Reagan's befuddled detachment become more apparent. Even one of Kemp's backers, Fund Raiser Richard Viguerie, concedes, "Dole is a take-charge person, out there with his oar in the water, trying to do things."

Yet, like Bush, Dole still lacks a hard core of committed support. If his predecessor as Senate Republican leader, Howard Baker, enters the race, he could dilute Dole's backing in both New Hampshire and the South. Successful legislative leaders often flop as national candidates because they deal with trees rather than forests. Says onetime Reagan Campaign Manager John Sears, now an informal Dole adviser: "What he needs to do is to show that he has some vision, that

he is not just a product of Congress."

Kemp has the opposite problem. Though known as a purveyor of large ideas—he sold Reaganomics to Reagan seven years ago, was an early advocate of tax reform and has practical schemes for redevelopment in ghettos—he failed during his active campaigning last year to establish himself as a credible leader. He sometimes jokes about being called the Hubert Humphrey of the right, a carbonated enthusiast bubbling with optimism and energy. Another problem is the Robertson candidacy, which threatens to drain support from Kemp's main reservoir: voters who believe Reaganism should be carried several steps further. Still, Kemp has the capacity to appeal to young voters with his recipes for economic growth and to blue-collar families with his populist rhetoric.

Du Pont, given his family background and Ivy League education, will never pass for a populist, but his Reaganesque ideas belie his moderate persona. He was the first to announce his candidacy officially, and since September has been challenging the competition to think big. All Republicans, he says, should take "the pledge" against any increase in taxes. He wants to revolutionize the Social Security system by establishing a voluntary, alternative investment scheme aimed primarily at younger workers.

Paul Laxalt, the retiring Nevada Senator and Reagan soul mate who flirted with the idea of offering himself as heir to the legacy, has pulled back. But other dark horses are stalking the Republican paddock. Patrick Buchanan, the White House communications director, has been making a lot of noise, though doing little

that is concrete, about a potential bid. Making far less noise but earnestly searching for supporters are former Secretary of State Al Haig and former Defense Secretary Donald Rumsfeld. None merits more than an asterisk in the polls.

Among Democrats, the most prolific pinwheel of ideas is Colorado's Hart. His strong bid for the nomination in 1984 has given Hart a lead in polls that rests heavily on name recognition. He also enjoys organizational support in key states. To build on those assets, Hart has methodically delivered elaborate speeches, position papers and a new book on military reform. Under the rubric of "true patriotism," he has called for a system of voluntary national service. He proposes a "strategic investment initiative" to bolster education and basic research and a trade plan that is more comprehensive than the Administration's and less protectionist than that of House Democrats. While the tone of Hart's "message candidacy" is intended to evoke New Frontier idealism, his critics argue that he has proved unable to arouse enthusiasm. His answer: "You lead by inspiring people, but you have to inspire their minds as well as their emotions."

New York Governor Mario Cuomo continues to be Delphic about whether he will run. Because he already has some national visibility and the capacity to raise big money, says Consultant David Garth, "Cuomo is the one guy who can lie in the weeds for a while." Most political junkies bet that Cuomo will emerge running. He has accepted speaking engagements in five states, including Iowa, and his itinerary will grow. A moving orator, he has a visceral appeal to party spear carriers with his vision of America as a large family, and can point to four successful years in Albany. Yet his national message is still undefined, and his vague image as a New York liberal does not sit well in the West and South. Should Cuomo not run, or hesitate too long, Massachusetts Governor Michael Dukakis, who has a similar respected record and vision of the Democratic future, will probably head his advisers and enter the fray.

In the courtship of blue-collar voters, Cuomo would have strong stylistic competition from Biden, a fellow Catholic and old-fashioned orator who nonetheless styled himself a "post-1984 Democrat." Though he insists that he has not made a final decision to run, the new Senate Judiciary chairman has assembled high-caliber advisers and made the ritual visits to Iowa and New Hampshire. He preaches that the next President must lead the country through seismic changes, but Biden is still honing his basic "wings of eagles" speech into specific positions.

Two Democrats who suffer neither doubts nor a lack of position papers are fully engaged in the battle. Babbitt has ridden a bike around Iowa and climbed

BOARD

DEMOCRATIC CANDIDATES

	Jan. 1987	May 1986
Gary Hart	37%	34%
Mario Cuomo	14%	11%
Jesse Jackson	13%	13%
Bill Bradley	8%	6%
Sam Nunn	4%	NA
Richard Gephardt	2%	1%
Joseph Biden	1%	0
Bruce Babbitt	1%	1%

Based on Democrats and Independents



Nation

mountains in New Hampshire with the same energy he has displayed in courting donors. Missouri Congressman Gephardt has worked just as hard (18 visits to Iowa, the current record) and enjoys wide backing among House Democrats. Both were founding members of the Democratic Leadership Council, a group of centrist elected officials. They emphasize the need for hard decisions to overcome the trade and budget deficits. Both approach issues more intellectually than viscerally. Babbitt, balancing his lunch on his knee, can explain between bites of his sandwich and sips of his diet soda how he would hammer U.S. trading partners into an agreement for "multilateral balance." Gephardt trenchantly describes the Democrats' need to be perceived once again as

"the party of national purpose," rather than as a collection of special interests. But those special interests, which weigh heavily in nominating politics, are unlikely to respond to candidates who are perceived as cool technocrats rather than warm Santos.

Two other founders of the D.L.C., Georgia Senator Sam Nunn and former Virginia Governor Charles Robb, are politely touting each other. With his solid grasp of military and foreign affairs, the well-regarded Nunn has increasingly been mentioned by party moderates as an ideal counterpoint to Reagan. Nunn says that he will make up his mind in the next month or so. If he decides not to run,

Robb may take the plunge in his stead.

Either would be helped by the new dominance of Southern states early in the game. But as is true of other mainstream moderates in both parties, the complex caucus and primary system is somewhat stacked against them. Activists devoted to one or two issues can mobilize a small but loyal cadre likely to show up at the polls, while voters with less ideological fervor stay at home. Says Alvin From, executive director of the D.L.C.: "We're now getting into the period when the litmus testers traditionally have their say. We have to find a way to keep the common purpose paramount." If the parties can do that, 1988 will be not only the most interesting election in recent history but also the most edifying. —By Laurence I. Barrett

Iran's Fallout

With the Reagan Administration suffering its worst woes since taking office, increasing numbers of voters are coming around to the view that 1988 might be the time for a change in political direction. A poll taken last week for TIME by Yankelovich Clancy Shulman* indicates that 41% of Americans think "it would be better for the country" if the next President were a Democrat, 31% think the next President should be a Republican, and 19% say it makes no difference. That is a sharp gain for Democrats since last September, when only 33% agreed that after eight years of Ronald Reagan, the nation would be better served by a Democrat.

Regardless of who the next President may be or which party he or she represents, a majority (60%) of Americans hope that the winner's policies will be "different" from the Reagan Administration's; among Republicans, 33% voice that hope. Just four months ago only 42% of Americans said they yearned for a change in direction from the next White House.

While Vice President George Bush still retains a big lead among Republicans as the first choice for his party's presidential nomination, he has been hurt by the Iran-contras scandal. Fully 48% of all Americans (and 34% of Republicans) believe Bush was more deeply involved in Irancon than he has so far told the American public. Bush's favorable image among Republicans and independents has fallen from 68% to 63% since a similar TIME poll last May. In that survey, Bush and Kansas Senator Robert Dole had the same 68% favorable rating; Dole has since dropped too, to 64%. The Vice President also suffers by comparison when Republicans are asked to describe the political characteristics of likely G.O.P. candidates. Among Republicans who say they are familiar with


Dole, for example, 81% consider him a "strong and decisive leader." Only 50% say the same about Bush. Dole also scores better among Republicans for such qualities as trustworthiness and having new ideas and "sympathy for the problems of ordinary people." Bush edges out Dole only on having the "experience to be President." Republican voters are less familiar with Jack Kemp (only 28% of Republicans said they know a lot or even a little about Kemp), but 71% of those who know of the New York Congressman call him a strong leader. The supply-sider scores well with Republicans for having new ideas, but only 47% see Kemp as having enough experience for the Oval Office.

Evangelist Pat Robertson,

who has been shadowing Kemp's efforts to woo conservatives, has lost ground among voters since news reports appeared last September alleging that he dodged combat duty in Korea. Robertson's favorable rating among Republicans and independents has dived 20 percentage points since last May, to 27%, and 56% of those familiar with Robertson now say they have a "generally unfavorable" impression of him. The combative White House communications director, Patrick Buchanan, who has been dropping hints about running for President, also has a high negative rating: 41% of Republicans and in-

dependents familiar with Buchanan have an unfavorable impression of him; 32% were favorable.

When Democrats consider their party's possible candidates, they still prefer former Colorado Senator Gary Hart to New York Governor Mario Cuomo and the Rev. Jesse Jackson. But Cuomo is gaining national name recognition, having climbed 6 points since May; 46% of Democrats and independents currently say they are familiar with him. More significantly, Cuomo's favorable rating among Democrats and independents now surpasses Hart's (68% to 63%). Another climber in this category is Delaware Senator Joseph Biden, who is regarded favorably by 52% of Democrats and independents, a leap of 13 points since May. Biden, however, is known to only 11% of Democrats.



Which descriptions apply to these candidates?			
	Bush	Dole	Kemp
Is a strong and decisive leader	50%	81%	71%
Understands the nation's problems	84%	86%	76%
Is someone you can trust	75%	81%	72%
Has the experience to be President	81%	66%	47%
Has sympathy for the problems of ordinary people	61%	77%	69%
Has new ideas	47%	71%	80%
Is honest	81%	85%	81%
Asked of Republicans familiar with candidates			

*The survey of 1,395 adult Americans was carried out by telephone Jan. 5-7. The potential sampling error is plus or minus 3% for the total sample, and plus or minus 4.5% for Republicans or Democrats considered separately.

The Pentagon's "Flying Edsel"

Even at \$283 million a plane, the B-1B bomber has problems

From its conception in the late 1960s, the B-1B bomber has been a child of controversy. A breathtakingly beautiful airplane with slim-silhouette wings that meld into a fuselage that breathes speed, the swanlike aircraft is designed to penetrate Soviet air defenses, unleashing nuclear-tipped missiles at targets deep inside the country. But skeptics lampooned the B-1B—at \$283 million a copy the most expensive plane in aviation history—as an unnecessary and probably unworkable interim successor to the aging B-52s, and in 1977 President Jimmy Carter scuttled the project. Newly elected Ronald Reagan revived the B-1B in 1981, ordering 100 of the bombers, but as production approaches the halfway point, critics in the Pentagon and elsewhere are decrying the plane as something of a turkey, a "flying Edsel."

Pentagon officials insist that is not the case. Says Air Force General Lawrence Skantze: "The B-1B is the best, most capable bomber in the world today." Claims Defense Secretary Caspar Weinberger: "The plane will do what it's supposed to do." Nevertheless, Assistant Air Force Secretary Thomas Cooper told Congress, "We have to be aware of the limitations in the B-1B right now and plan accordingly." The Air Force is also withholding almost \$300 million from contractors for poor performance. Last week, tucked away in the Defense Department's 1988 budget proposal was the Air Force's most public admission yet of troubles: a request for \$600 million to repair problems with the aircraft.

In its rush to deploy the B-1B, the Air Force went into production while the aircraft was still undergoing major design modifications. Even before the first bombers became operational last fall at Dyess Air Force Base in Texas, there were portents of trouble. The plane's fuel tanks, built directly into the wings without rubber bladders, leak jet fuel. Early flight tests revealed problems caused by loading cruise missile launchers and antiradiation pods onto the original airframe design. In gaining an extra 41 tons—nearly a 25% increase—without additional wing surface, the B-1B had acquired an extraordinary "wing loading" of 245 lbs. per sq. ft., twice the weight carried by the commercial Boeing 747. The added weight means the plane is prone to stall when the pilot attempts complex escape maneuvers. New stall-inhibitor and stabilization mechanisms will ease the problem but will make it more difficult for the B-1B to execute maneuvers vital to survival. Pilots complain that the heavy load makes the aircraft "fly like an elephant."

There are other problems. Pilots bringing the B-1B to treetop level found that the ground-tracking radar, designed to keep the plane from slamming into hills, was inadequate. The system jerked

the B-1B up and down, causing considerable internal stress. Fuel consumption turned out to be enormous, particularly when the pilot kicked in the afterburner to accelerate through enemy defenses, raising doubts whether the plane can even reach its targets. So many difficulties emerged in flying the aircraft that some 40% of the training missions have had to be scrubbed.

By far the most critical deficiency is the failure of the sophisticated electronic countermeasure devices—the "black boxes" designed to jam antiaircraft radar and missiles. So dissatisfied is the Pentagon with the equipment that it is withholding payments to the manufacturer, Eaton Corp. Shortcomings in the jamming hardware, for example, have triggered difficul-

ties with other elements of the aircraft's computer "brain," with unforeseeable consequences. Some \$104 million of the money requested for repairing the B-1B is earmarked for this software system. Last week Eaton tacitly confirmed its problems with the black box by ousting the manager of the B-1B electronics project.

The Pentagon argues that the structural problems can be overcome and the bugs worked out of the electronic warfare system. "There are always problems with new aircraft," explains Lieut. General William Thurman, commander of the aeronautical systems division responsible for the B-1B. "There's nothing wrong we won't be able to fix." But many observers contend that the fundamental shortcomings of weight and fuel consumption will permanently limit the utility of the airplane. Even Air Force insiders doubt the ability of the troubled electronic jamming

system to assure the B-1B's mission to penetrate Soviet airspace. In particular, the black boxes are designed to protect the plane from attack from below, yet the new Soviet MiG-31 and other planes have a "look-down, shoot-down" capability that severely threatens the B-1B from above.

To many observers who have battled the B-1B for over a decade, current problems merely confirm long-held doubts. Says Georgia Democrat Sam Nunn, the incoming chairman of the Senate Armed Services Committee: "For most of the aircraft's useful life, it will not be able to penetrate [Soviet airspace] and will be a standoff carrier of cruise missiles and conventional bombs." The U.S., concludes Nunn, "could have built that kind of system much cheaper than we have built the B-1B."

But the issue is broader than just the fate of the B-1B program, which will have cost nearly \$30 billion by the time the last



A formidable presence in the Pentagon's psyche as well as its budget

Its fuselage breathes speed, but can the plane penetrate Soviet defenses?

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Unlike Rockwell International Corp.'s B-1B, which at least was constructed in public view, the Stealth is a "black" Pentagon program, with neither the aircraft's general performance nor its cost open to outside inspection. Industry rumors, however, claim the plane is already \$2 billion over budget. "After seven years of testing, the Air Force still couldn't deliver a serviceable B-1B," said one critic. "Who knows what mistakes are being made behind the black wall of secrecy surrounding the Stealth bomber?" —By Bruce van Voorst

Drug Withdrawal

It was a very short crusade

Seated next to the First Lady for a special TV broadcast in September, Ronald Reagan initiated what he called a "national crusade" against drug abuse. Nancy Reagan, one of the most prominent crusaders in the cause, began stepping up her "Just Say No" campaign. It was the hot issue of the season: amid heavy media coverage and enthusiastic public fanfare, Congress provided overwhelming bipartisan support for tough new antidrug legislation. Eight days before the election, the President signed a bill raising federal drug-fighting funding by \$1.6 billion, to \$3.9 billion, proudly proclaiming that the outlay "reflects the total commitment of the American people and their Government to fight the evils of drugs."

Wars on drugs have swept the nation periodically during this century, but last year's seemed among the most intense. It may also have been the most fickle. As quickly as it became a hot issue, the drug crisis became, in the press and in Washington, last year's trend. In his fiscal-1988 budget plan last week Reagan beat a quiet retreat: he proposed a slash of \$913 million, to about \$3 billion, in funds for fighting drug abuse. Grants to state and local governments for drug law enforcement would be eliminated, and funding for drug education and treatment would be trimmed. Said Mayor Joseph Riley of Charleston, S.C., who heads the U.S. Conference of Mayors: "To state and local government efforts to fight drugs, this budget just says no."

Worried that the new funding levels might embarrass the President, the Administration prepared a number of elaborate statements to explain the cuts. It argued that massive infusions for capital purchases—such as helicopters, surveillance equipment and laboratory gear—need not be repeated each year and that funds for education and treatment should be "stretched out" over two years. The White House pointed out that although proposed funding was being reduced, total spending to fight drugs in 1988 will still be 2½ times as large as in 1981, when it totaled \$1.2 billion.

Will the budget slashes affect the war on drugs? "We do not think there will be any effect," said White House Spokesman Larry Speakes. "If you buy the books, the chalk and blackboards and slide show this year, you probably don't need them again next year." Administration officials claim, as the President has emphasized, that the war is best fought primarily with moral rectitude and inspirational leadership, and only secondarily with money. ■

The Presidency/Hugh Sidey

If He Would Just Get Interested

There is something out there waiting to be taken and shaped and used in the great political spectacle opening in Washington between the Democratic Congress and the Republican White House.

Whether Ronald Reagan has the verve, the understanding and the imagination to grab it is the hour's most intriguing question. It will take a touch of humility, a bit of conciliation and no little amount of old-fashioned soft soap. If he misses the opportunity, then in all likelihood the system will roll by and maybe even over him while he huddles in the White House, a giant become pitiful.

There are encouraging signs that the Democratic election victory, the Iran affair and a few other minor mishaps will spawn a new reality in the White House. The rather temperate statements from the leaders of Congress at the opening session were passed around last week by the legislative liaison office to all the President's senior staff with the pointed implication that they ought to reply in kind.

Over in the speech shop the writers are studying Lyndon Johnson's State of the Union message of 1967, when he arrived in the well of the House with a war going sour and a Congress that had just added 50 new Republicans. "I should like to say to the members of the opposition—whose numbers, if I am not mistaken, seem to have increased somewhat—that the genius of the American political system has always been best expressed through creative debate that offers choices and reasonable alternatives," said Johnson. "Throughout our history, great Republicans and Democrats have seemed to understand this. So let there be light and reason in our relations."

Well stated by a man who hated the very idea of giving up anything to the opposition. Senate Minority Leader Robert Dole wants Reagan to come up to the Hill and meet with the bipartisan leaders in the Rotunda and there, in those streaks of sunlight that flood the old stone floor, strike a mutual doctrine on debt and spending and trade. In the shadows of the Speaker's Lobby last week, a Republican leader cocked his eye toward the House floor, teeming with old and new members in their first session, and said, "Ronald Reagan is still more popular out there right now than Jim Wright [the newly elected Democratic Speaker]. Reagan could regain a lot of credibility and prestige up here if he would just get interested."

He might. Reagan has laid on an unprecedented series of White House meetings with congressional leaders for the last week in January. He is fully aware that this State of the Union message can make or break him for the next two years. He must reclaim some of the political stage that he has deserted in these past weeks. In February a White House reception for all the members of Congress and their spouses is scheduled, and the plans now call for the biggest and grandest such event of the Reagan era. The bicentennial of the U.S. Constitution is being heavily cranked into the Reagan activities, and that sort of melodrama is what he relishes and does best. It is a reminder to everyone, including Reagan, that we are all in this thing together.

There lingers, too, an affection for the man and an awe of the office that, if properly marshaled, could get the country solidly behind him again. A White House staffer chuckled last week as he recalled the tart-tongued Pat Schroeder, Democrat from Colorado, knifing through the mob at the White House Christmas party so she could be photographed with the President. Indeed, several hundred color shots of legislators posing with the President landed on congressional desks last week, and many of the prints are already down in the frame shop. The newcomers were openly eager for their first invitation to visit the President of the U.S. and get such a picture to send home to show the kind of company they are keeping.



Democrat Byrd and Dole talk with Reagan



The new program may rescue the self-esteem of the poor, but critics fear children may suffer

Welfare-Plus in Washington

Bonuses for the working poor

The cruel Catch-22 of welfare is that it often punishes recipients who try to work their way out of poverty. By taking away benefits from the poor when their income starts to climb, welfare discourages incentive. A novel program in Washington State proposes to turn that problem on its head by offering bonuses as well as benefits to welfare recipients who work or undergo job training. In effect, Washington wants to tell the poor: Whatever you earn (up to a point), you can keep—and we'll add to it.

Under the Family Independence Program proposed last November by Governor Booth Gardner, the incentives for working are substantial. A woman with two children earning close to minimum wage might take home as much as \$10,464 a year: \$7,752 in salary and government benefits, plus an additional \$2,712 in bonuses. That is 15% above the current poverty level for a family of three. As the wages of a participant increase, the bonuses and benefits gradually decrease. The enrollee loses the assistance only when her pay exceeds the \$10,464 benchmark.

FIP's sponsors must first guide it through a vote in the state legislature, then ask the U.S. Congress for permission to replace such long-standard outlays as Aid to Families with Dependent Children, food stamps and Medicaid. The federal money earmarked for those programs would be matched with state grants and poured into new benefits, bonuses, job training and family-planning courses, as well as subsidies for the private employers who are expected to absorb two-thirds of the FIP graduates.

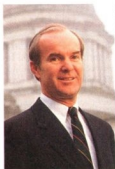
Olympia's approach may well find support in Congress. Last week a study by the Joint Economic Committee of the House and Senate recommended that federal officials consider replacing traditional benefits with so-called workfare subsidies that pay welfare recipients to undergo job training. The report proposes that states be allowed to experiment more freely with welfare.

If approved, the Family Independence Program will be stringently applied. All families on welfare, including women with infants as young as six months, would be enrolled within two years. Other states' workfare programs exempt mothers of preschool children. In Washington, mothers unable to work due to disability or who must care for an infirm family member will continue to receive regular benefits. Those who can work yet refuse to do so will have their grants cut by 20%.

Critics are apprehensive about the program's goal of full employment for the indigent. Says Phil Kaplan, a Washington State welfare-rights advocate: "The pressure on women to leave their children and go to work could increase the chances of abuse or neglect. The program puts infants and toddlers on the firing line." Some members of the legislature also doubt that the state economy can create the 72,000 jobs required to absorb FIP trainees and others entering the market by 1990.

Gardner replies that the state can solve both the employment and infant-care problems by putting welfare mothers to work in day-care centers, which are expected to grow through state subsidies from an \$8 million-a-year business to \$116 million a year. FIP, he says, "won't cost more than the current welfare program, and it won't save money either. But it will save lives and self-esteem, careers and families."

—By Howard G. Chua-Eoan.
Reported by Meg Grant/Seattle



Governor Booth Gardner

Retraining

Reagan's competitiveness plan

A favorite political buzz word these days is competitiveness. The entrepreneurial spirit. Managements lean and mean. Industries able to compete with foreign producers. But the concept is a nebulous one. Politicians are now labeling a wide array of proposals, from increased funding for education and scientific research to more restrictive trade legislation, as ways to make America more competitive in the world.

In one of the few fresh initiatives in his fiscal 1988 budget proposal Ronald Reagan weighed in with a plan of his own: a \$1 billion counseling and retraining program designed to help workers displaced from their jobs and to counter Democratic plans to capitalize on the competitiveness issue through protectionist legislation. The Worker Adjustment Assistance Program is likely to be part of a trade bill that the Administration intends to put forth as a defense against those Democrats who are pushing for new tariffs, quotas and other restrictions on "unfair" foreign competition.

Over the past year, Labor Secretary William Brock has been working on a plan for dealing with what he calls the "new realities," among them the need for a more mobile and flexible skilled-labor force. A task force headed by Malcolm Lovell, a professor at George Washington University, recommended consolidating diverse federal programs and almost tripling the \$344 million annually spent on worker retraining.

The plan would rely on the states to come up with specific proposals and compete for the available money. The guidelines emphasize training and re-employment as opposed to income support. "We want people to get back to work, not make it more comfortable to be out of work," says Assistant Labor Secretary Roger Semerad. "Everything in the future is going to be much more technologically oriented, and a much higher level of literacy is going to be required." The proposal applies not just to workers made jobless by foreign competition but to everyone stricken by long-term change.

The new program would not address one problem: new jobs that open up are often far away from where old jobs disappeared. "That is just a fact of life, and I'm not sure that the Government should necessarily have a solution," says Semerad. Nevertheless, the proposal will probably be politically attractive. "It is historic in that the Federal Government assumes the responsibility for dealing with these major problems of fundamental adjustment," says Pat Choate, author of *The High-Flex Society*. "We have over 2 million people a year who lose their jobs." He views the \$1 billion, which could serve as many as 900,000 dislocated workers, as a "step in the right direction."

That Old, Rugged Cross

A new book details the FBI's harassment of Martin Luther King

As the nation prepares to celebrate for the second time the federal holiday marking Martin Luther King's birthday, the civil rights leader sometimes seen in danger of being transformed from a flesh-and-blood hero to a gauzy legend. Now a provocative new biography based on interviews with his closest associates and examination of FBI files obtained through the Freedom of Information Act sheds a revealing new light on King's human side and on the vicious secret pressures he faced from the FBI. The complex and convincing portrait drawn by David Garrow, associate professor of political science at New York's City College, describes how the bureau under J. Edgar Hoover tried to blackmail and intimidate King with tapes of his sexual encounters and how it attempted to discredit him by spreading reports about his love life after he refused to break off his friendship with a suspected Communist agent.

According to *Bearing the Cross* (Morrow; \$19.95), King's many liaisons included one long-term affair that, writes Garrow, "increasingly became the emotional centerpiece" of his life. The FBI stumbled upon them in the course of investigating King's links to New York Attorney Stanley Levison, a former Communist who had become one of the civil rights leader's most trusted friends. Suspecting that Levison was part of a Com-



Selma, 1965: honoring a slain comrade

A complex, flesh-and-blood hero.

munist plot to infiltrate the movement, Hoover persuaded Attorney General Robert Kennedy to authorize a tap on Levison's phones. Alarmed by the discovery that Levison had recommended another former Communist to King for a job, President John Kennedy warned King as they walked in the White House

Rose Garden that his association with the two men could imperil impending civil rights legislation.

When King kept indirect contacts with Levison despite this advice, Robert Kennedy "reluctantly" acceded to Hoover's plea to bug King's hotel rooms. That failed to prove that King was under the influence of Communists but provided a lode of scandalous data about King's philandering. The FBI wasted no time in circulating gamy samples of the recordings to Government officials, friendly journalists and even King's wife in an attempt to persuade King to withdraw from an active role in the movement.

Garrow writes that partly as a result of the FBI's intimidation, King often suffered from morbid depression, a contention hotly contested by some of his heirs. Says the Rev. Jesse Jackson: "The thesis that his personal life was so convoluted that he couldn't function with clarity is contrary to the facts. What I saw was courage to the point of crucifixion." Some of King's associates object to Garrow's revelations. Even if true, says Wyatt Walker, former staff chief to King, "how does that change the value of his contribution toward sensitizing the nation on the moral issue of race?" But others who value that contribution just as highly say an unvarnished understanding of the complex man and his struggles with the FBI—and with himself—provides a deeper appreciation of the larger crusade he waged. The book does not diminish the heroic nature of his struggle, but instead makes it more real.

—By Jack E. White

Images of Glory

The news footage looks like a quaint relic, but not very long ago it had the immediacy of the evening news. Six hundred demonstrators are crossing the Edmund Pettus Bridge in Selma at the start of a planned march to Montgomery, Alabama's capital. A phalanx of state troopers bars the way. The two lines converge; people fall to the ground, tear gas explodes, billy clubs fly.

The drama in Selma in March 1965 was the culmination of a decade of civil rights activism, a decade chronicled in a remarkable new TV documentary, *Eyes on the Prize*. The six-week PBS series, produced by Henry Hampton and debuting on Jan. 21 in most cities, uses a mix of historical footage and fresh interviews with participants to recount the major events that followed the 1954 Supreme Court decision outlawing school segregation. Names and episodes parade by like battles in a familiar military campaign: Rosa Parks' refusing to relinquish her seat on a Montgomery bus, nine black students' trying to attend high school in Little Rock, the murder of Civil Rights Leader Medgar Evers and the 1963 march on Washington.

Eyes on the Prize is indis-

pensable not just for its lucid treatment of the milestones of the era but for its keen eye on less noted events. A tense encounter between a band of demonstrators and a deputy sheriff on the streets of Selma, for example, turns into an impromptu "debate" between people from different planets: "Do you believe in equal justice?" "I don't believe in equal nothin'!" The narration by Julian Bond is admirably restrained, and those interviewed (from such movement leaders as John Lewis and Stokely Carmichael to old foes like Alabama Sheriff Jim Clark) look back without sounding either self-righteous or defensive. Except for its evocative use of spirituals and protest songs as a backdrop, the documentary refuses to embellish a story already brimming with drama.

Like World War II, the civil rights struggle of those years has acquired an aura of almost romantic purity. The goals were clear-cut and indisputable, the heroes and villains easy to discern, the achievements tangible and lasting. As the documentary points out, Selma was not just a culmination but the end of an era. Soon to come were the big-city race riots, a more militant strain of student protest and a breakup of the coalition that had driven the campaign for racial equality.

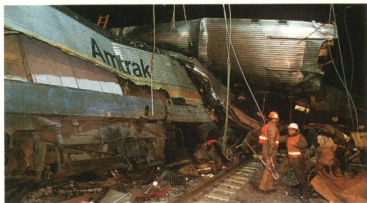
Eyes on the Prize recalls the days when the sheer rightness of the cause was enough.

—By Richard Zoglin



The march on Washington: chronicling a decade of activism

American Notes



Parallel tracks converge: wreckage of an Amtrak passenger train in Maryland

RAILROADS

Questions From a Wreck

The two trains were traveling on parallel tracks that merged to cross the Gunpowder River bridge north of Baltimore. Amtrak's twelve-car Washington-to-Boston *Colonial*, carrying 616 passengers, was speeding along at 105 m.p.h. or more. A Conrail train, consisting of three engines, was headed for Harrisburg, Pa. After the Conrail engineer apparently failed to heed a "distant signal" alerting him to slow down, he was unable to respond to a second stop signal and slid directly into the path of the onrushing Amtrak. The passenger train slammed into the rear-most Conrail engine, which exploded. The Amtrak engine caught fire and flipped on its side into a ditch, followed by two passenger cars that landed one atop the other. The remaining nine cars, with seats wrenched loose and baggage flying, derailed and scattered along the track. Passengers were trapped inside the wreckage for hours. All told, 15 people were killed, 176 injured, in the worst accident in Amtrak's history.

The collision raised serious issues for the National Transportation Safety Board, most of them focusing on the Conrail train crew. Who deliberately disabled an annoying whistle in the locomotive that would have warned of the dan-

ger? Why was a bulb missing on a critical cab signal light? The most important long-term question: Why are freight and high-speed passenger operations allowed to mix in the nation's busiest transportation corridor?

CONGRESS

Tasting His Own Medicine

So frequently and dramatically has Democratic Congressman Les Aspin of Wisconsin zigzagged on key issues—voting funds for Nicaragua's *contras* last year, for example, after opposing such aid in early 1986—that one Hill wag has taken to asking, "Is Aspin having a liberal week or a conservative week?" When Democrats convened for the start of the 100th Congress, Aspin had a bad week: his party caucus voted 130 to 124 to oust him as chairman of the House Armed Services Committee, the job he won in an upset two years ago when he leaped over several more senior members.

Although Aspin is considered one of the Democrats' most astute spokesmen on defense policy, he could not straddle issues enough to satisfy the diverse liberal and conservative factions he had courted in his bid for leadership. More important, many colleagues had scores to settle for the way Aspin had reneged on commitments: some 50

Democrats who had promised their support turned against him when the secret vote in the caucus began. Said one Aspin backer: "Members indicated that Les didn't tell them the truth, and that was a factor."

Aspin could regain his position next week when the caucus considers new nominees. But his challengers include Florida's Charles Bennett, the committee's second-ranking Democrat, and moderate Texan Marvin Leath, who has mounted a well-organized six-month campaign for the job.

TEXAS

Real Men Don't Litter

The TV screen shows two Dallas Cowboys football players, Randy White and Ed ("Too Tall") Jones, collecting litter along a Texas highway. As White picks up a discarded beer can, he leans into the camera and growls, "You see the guy who threw this out the window? I got a message for him." He crushes the can in one powerful fist as Jones snarls, "Don't mess with Texas!"

That macho slogan is the centerpiece of an imaginative, aggressive campaign to convince litterbugs that it is anti-Texan to trash. Aimed at "deliberate" litterers, 18-to-34-year-old men who are unmoved by threats or appeals to civic duty, the "Don't Mess" theme has struck a

chord with Texans' sense of defiant pride during tough times. Celebrities such as Guitarist Stevie Ray Vaughan and the Fabulous Thunderbirds rock group have appeared in radio and TV spots, and the slogan is being proclaimed on bumper stickers, T-shirts and even beer-can holders. Best of all, the campaign works: a research-agency survey found that after nine months, litter had been reduced a remarkable 29%.

VERMONT

End of an Affair

A spurned suitor, no matter how devoted, has his limits. For 76 days, through the mating season and beyond, a love-struck moose pursued his beloved Hereford cow, Jessica, around a Shrewsbury, Vt., pasture as thousands of delighted tourists gawked, clicked and bought souvenir T-shirts. The decidedly odd couple never coupled, of course; he was affectionate, if not ardent, but she was shy. Last week Bullwinkle gave up and headed back into the woods. He had lost his antlers, as young moose do at this time of year, and with them his libido. Will he return next season? Not likely, say wildlife biologists: next year Bullwinkle will have a larger set of antlers and a better chance of wooing and winning one of his own kind.



For unrepentant litterers, a macho commercial

COVER STORIES

The Murky World of Weapons Dealers

How arms traders bartered with U.S. policy



In any ordinary business, Manucher Ghorbanifar would cut an implausibly mysterious figure. Officially, he has been a shipping executive in Tehran and a commodities trader in France. By his own account he was a refugee from the revolutionary government of Ayatollah Ruhollah Khomeini, which confiscated his businesses in Iran, yet later became a trusted friend and kitchen adviser to Mir Hossein Mousavi, Prime Minister in the Khomeini government. Some U.S. officials who have dealt with him praise him highly. Says Michael Ledeen, adviser to the Pentagon on counterterrorism: "He is one of the most honest, educated, honorable men I have ever known." Others call him a liar who, as one puts it, could not tell the truth about the clothes he is wearing.



Iranian artillery at the battlefield

But in the fraternity of international arms dealers, this Janus-like profile does not make Ghorbanifar extraordinary. That shadowy netherworld teems with other characters who might seem too garish for a remake of *The Maltese Falcon*. Among them: Sarkis Soghanalian, a 300-lb. Turkish-born Lebanese citizen living in Miami who specializes these days in selling helicopters to Iraq and is said to receive jars of severed human ears from clients; and Sam Cummings, a wisecracking American-born British subject operating out of Alexandria, Va., who is unabashedly—though so far unsuccessfully—negotiating to peddle on the world market some \$5 billion worth of U.S. weapons left behind when America pulled out of Viet Nam. The most prominent of all, of course, is Adnan Khashoggi, the sybaritic Saudi Arabian whose jet planes, opulent yacht, lavish parties and glamorous companions seem intended to promote his image as the world's richest man.

Khashoggi and Ghorbanifar have emerged as prominent back-channel figures in the series of hush-hush shipments of American-made weapons to Iran that has flowered into scandal. Of all the dubious aspects of that affair, one of the most unsavory is that U.S. national policy became entangled with the maneuvers of weapon merchants. At best, President Reagan and some of his aides, prominently including Lieut. Colonel Oliver North, showed atrocious judgment by plunging into a devious policy. At worst, it was lured into an operation designed by arms merchants whose motives were mixed at best. On Sunday, the *Washington Post* reported that National Security Agency INTERCEPTS show the administration "had evidence it was involved with some shady and unreliable arms dealers."

To be sure, Ghorbanifar and Khashoggi insist that their intention in putting American and Iranian officials in touch was to bring about a diplomatic rapprochement between the two countries—"the biggest historical opportunity of the decade for the free world," as Ghorbanifar modestly puts it. Not that the two were being entirely altruistic, even by their own account; they hoped eventually to earn enormous commissions by brokering trade of all sorts between the U.S. and Iran. To hear Ghorbanifar and Khashoggi tell the story, they raised money to set up the arms sales as a kind of opening wedge and then fell victim to American duplicity that cost them millions. "I have lost \$3.7 million of my own money, my own hard-earned money!" screams Ghorbanifar, waving his arms wildly in an interview with *TIME*. "*Be ki begam! Be ki begam!*" That is a Farsi phrase meaning "Whom can I tell?" that he interjects virtually every two sentences.

The money that Ghorbanifar and Khashoggi are howling for may have

gone through, or perhaps stuck to, the hands of other, still more shadowy arms merchants. The Reagan Administration has said that North diverted some of the Iran arms money to the *contras* in Nicaragua. Presumably the funds went through a network of arms dealers, supposedly operating with private donations, who supplied weapons to the anti-Marxist rebels all through the two-year period during which Congress had forbidden direct or indirect U.S. military aid. As far as anyone can tell, the *contras* seem to have got very little in the way of either cash or arms out of this convoluted pipeline.

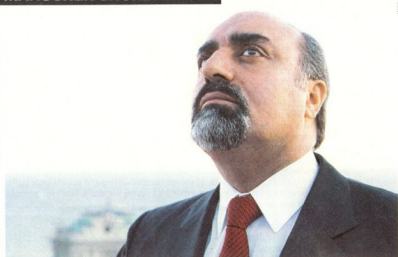
The various shadowy transactions that North oversaw seem likely to drag the arcane world of the private weapons dealers into its brightest public spotlight ever. Lawrence Walsh, the independent counsel appointed to look into all aspects of Iranscam, has been empowered to investigate the private networks that supplied the *contras*. The special Senate and House investigating committees that will hold public hearings probably beginning next month intend to probe the role of the arms merchants as well.

Despite the prominence of Khashoggi and Ghorbanifar in the arms-to-Iran scandal, the world of weapons trading is a tripartite universe in which the private dealers occupy a relatively small part. One estimate puts global weapons exports in 1985 at just over \$30 billion, not counting black- and gray-market transactions. About two-thirds of the more or less legitimate trade is conducted by governments selling to other governments, usually quite openly. Weapons-manufacturing companies take the remaining business, drumming up sales through their agents. The manufacturers require the approval of their governments, which may or may not be easy to get. Some governments, notably those of the U.S. and West Germany, tightly control arms exports. Others, prominently including Brazil, Argentina and South Korea, have acquired a reputation for selling to just about anybody. In the West, France has a relatively unrestricted client list; the Soviet Union supplies weapons to leftist governments and revolutionary movements throughout the world.

At the edges of this huge market are the free-lancers. They buy anywhere they can, sometimes from Communist countries. Nor are they often choosy about their customers: some seem to have dealt with both sides in the Iran-Iraq war. Since 1980, that conflict has put a huge prop under a sagging business. The arms trade has been falling off in recent years, partly because world weapons pipelines are full and partly because governments are increasingly crowding the individual dealers out of what sales opportunities are left. But the demand from the Persian Gulf combatants for weapons to use against each other has created a flourishing market for all branches of the arms trade.

In practice, those branches are not rigidly separate. Government military attaches and agents of weapons companies

MANUCHER GHORBANIFAR



ADNAN KHASHOGGI



YAACOV NIMRODI



A netherworld of characters who could play in a remake of *The Maltese Falcon*

frequently work closely together to drum up business, and some later cash in on their experience and contacts by becoming private dealers. Governments occasionally use the private merchants to arrange sales that they cannot make openly. The standout example is Israel. Its government-owned arms industry depends heavily on foreign sales to defray research-and-development expenses. Indeed, military sales account for a quarter to a third of Israel's industrial exports. But many potential customers are countries that have no diplomatic relations with the Jewish state. So the Israeli government relies on private citizens to set up deals with middlemen representing the buyers. Two Israelis who played major roles in the sale of U.S. weapons to Iran are Yacov Nimrodi, 60, a former intelligence agent who built up extensive contacts in Iran during his ten years as military attaché in Tehran, and Al Schwimmer, 69, the American-born founder and longtime chairman of Israel Aircraft Industries, who has continued to arrange weapons exports since his retirement.

TIME has obtained a memo written by an Israeli arms merchant to the Tel Aviv Ministry of Defense that offers some intriguing hints about how secret arms deals are set up. In the fall of 1984, when the U.S. was still trying vigorously to stop the flow of arms to Iran, the merchant met with Iranian representatives in Geneva and relayed to Israel a list of weapons they wanted to buy, including air-to-air missiles and spare parts for tanks. One hitch: the Iranians also wanted some jet engines overhauled. "British firms were providing this service . . . but some have now been caught by the Americans and cut off from spare parts," the agent reported. The Bedek division of IAI, said the agent, was eager to take over the work "as long as they had some sort of engine factory between them and the end user." The merchant's solution: "a cooperative venture between [a] U.K. firm and Bedek where all of the U.K. firm's business is funneled to Bedek and the Iranian engines are lost in the lot." The Defense Ministry said no.

There have been published reports that at about the time this memo was written, Ghorbanifar approached Theodore Shackley, a former high official of the CIA, to suggest a trade of U.S. weapons for American hostages. Ghorbanifar indignantly denies this. His account of how the deal started: though a refugee, "I still had ties to Iranian businessmen and government purchasing officers." They told him that a détente with the U.S. might be possible. "I had brokered many business deals," says Ghorbanifar. "I wondered whether I could broker a diplomatic deal

as well." If successful, Ghorbanifar would become the "first mutually trusted agent of renewed thriving commerce between the two" nations. "I had been thinking about the idea," he added, "when I met Adnan Khashoggi in early 1985."

Khashoggi says he met the Iranian after Roy Furmark, a New York businessman and associate of Khashoggi's, ran across Ghorbanifar in January 1985 while attempting to arrange a billion-dollar swap of Iranian oil for various Western commodities. A friend of Ghorbanifar's set up a lunch appointment for the two. Khashoggi has given different versions of what he heard over that lunch. He told Barbara Walters of ABC-TV that Ghorbanifar represented himself as head of intelligence gathering in Europe for the Khomeini govern-

Khashoggi says the Israelis gave him a favorable report, but wanted to see for themselves if Ghorbanifar could make good on his boast that he could deliver "practically anyone" in the Iranian government. Khashoggi set up a meeting in Hamburg in April 1985, telling Ghorbanifar that some Americans wanted to meet senior Iranian officials. Actually, Khashoggi brought two Israelis: Schwimmer and David Kimche, then director general of the Israeli Foreign Ministry. "If I had told them the truth," says Khashoggi, Ghorbanifar and the Iranian officials "would not have come." Khashoggi will not identify the Iranians Ghorbanifar produced, but says that when they walked into the room, "there was no doubt. This guy [Ghorbanifar] could deliver."

A series of meetings followed throughout Europe between Iranians, Israelis and, according to Khashoggi, CIA officials. (The CIA has consistently maintained it did not get involved until much later.) On July 1, 1985, Khashoggi sent a 47-page report on the meetings to Robert McFarlane, then U.S. National Security Adviser, with a covering letter recommending that the U.S. work through him to improve relations with Iran. So far as is known, that was the first formal proposal for U.S.-Iranian contacts made to a high official in Washington. It was in effect seconded by Kimche, who walked into McFarlane's office two days later with a proposal for contacts through Israel. (Israeli officials have insisted that their role in the U.S.-Iran affair began in late May or early June only when American officials asked for help in efforts to free American hostages in Lebanon.)

In August, Kimche was back to report that the Iranians were asking for arms, as Khashoggi and Ghorbanifar must have known they would. Kimche offered to have Israel ship the weapons if the U.S. would replace them. McFarlane

says he obtained President Reagan's approval, and the Israeli deliveries began in late August. The shipments were arranged largely by Nimrodi on the Israeli side, with Ghorbanifar acting for Iran. Khashoggi was the financier. He put up \$5 million in 1985 to pay Israel and was repaid by the Iranians.

Once the shipments were under way, Ghorbanifar claims, he made 76 trips between Europe, the U.S. and the Middle East to keep the negotiations on track. When McFarlane, North and other American negotiators flew to Iran last May with a plenitude of weapons, Ghorbanifar says, he chartered the jet and paid for the group's stay in Tehran. McFarlane says he does not know who paid but assumes the bill was split by the U.S. and Iranian governments. Ghorbanifar also

AL SCHWIMMER



For Israel, selling to customers who do not want to buy openly

ment. But he told TIME that this was incorrect. His explanation: "I simply assumed that a man with that kind of access to the Iranian Prime Minister must be one of his senior intelligence chiefs. Now I have more accurate information."

Khashoggi says Ghorbanifar, saw "enormous" profit potential in a U.S.-Iranian rapprochement. The Saudi wheeler-dealer turned to Israel to act as diplomatic broker; he asked then Prime Minister Shimon Peres to use his good offices to put Iranians and Americans in touch—but first to look into Ghorbanifar's background. Was Khashoggi suspicious? No, Khashoggi told TIME, but the Americans would be: "The problem with the U.S. is that it does not have the resources to check out somebody like Ghorbanifar. The Israelis do."

A DEAL THAT WENT SOUR

CAST OF CHARACTERS



The U.S. Government does not trust Iranians; it refuses to sell arms unless paid in advance



American middlemen control Lake Resources account in Swiss bank

Khashoggi



The two men are ambitious to act as brokers between the two sides

Ghorbanifar



Iranians do not trust the U.S. and refuse to pay unless they receive weapons first

BRIDGING THE IMPASSE



In the spring of 1986, Khashoggi raises \$15 million from investors and deposits the entire amount in the Lake Resources account

THE DEAL STARTS

American middlemen use part of Khashoggi's money to pay the Pentagon for the shipment



\$6.25 million



Khashoggi, who set a price of more than \$20 million for the full shipment, receives only \$8 million



\$8 million

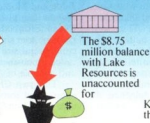
The Iranians make partial payments



The U.S. delivers a partial shipment of spare parts for Hawk missiles in May and July

THE DEAL COLLAPSES

The Iranians, unhappy with shipment and price, refuse to pay the balance to Khashoggi; the U.S. abandons this deal



The \$8.75 million balance with Lake Resources is unaccounted for



Khashoggi, Ghorbanifar and others are out more than \$12 million in capital and commissions



Based on accounts by Khashoggi, his associate Roy Farman and Mansour Ghorbanifar

TIME Diagram by Joe Lortola

charges that Khashoggi was cut out of several of the deals on orders from McFarlane. The former National Security Adviser replies that he never had anything to do with Khashoggi but did recommend, after meeting Ghorbanifar in London in December 1985, that the U.S. have no more dealings with any middlemen. Whatever the fact, Khashoggi had to be brought back into the arms deals in 1986, when the U.S. began shipping weapons from its own stockpiles and once more needed the Saudi to supply bridge financing. Khashoggi rounded up investors who put \$15 million into a May shipment that went sour, leaving them in the hole (see chart).

The suspicion, of course, is that some of the money went to the *contras*. A Senate

Intelligence Committee report that leaked last week charges that it was Ghorbanifar who first suggested to a CIA contact in March 1986 that money paid by Iran be funneled to the Nicaraguan rebels. Ghorbanifar furiously denies that he had anything to do with money for the *contras*—and in fact it is hard to see how he could have gained anything from the diversion. The Senate committee report, he charges, reflects “lying under oath” by “some U.S. officials in trouble [who] were trying to deflect the heat off themselves and onto me.” He insists that he has been caught in a dispute between two CIA factions vying for influence in Iran. One faction, he says, botched the diplomatic initiative by trying to make its own deal in Tehran, and is now trying to cover its tracks by

launching a smear campaign against him.

The account sounds hard to believe. But then, who would have imagined even three months ago that the U.S. would get caught slipping arms to the Ayatollah's regime? In the byzantine world of the weapons dealers, it is as hard to determine what is truth and what is disinformation as it is to disentangle the mixture of visionary and conniver in the personalities of Ghorbanifar and Khashoggi. As investigators probe deeper into the scandal, Americans can only hope that Washington's policy does not prove to be as devious as the arms merchants say it was—and as their own maneuvers often seem to be.

—By George J. Church.
Reported by Ron Ben-Yishai/Jerusalem and Raji Samghabadi/New York

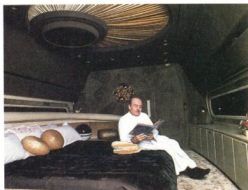
Khashoggi's High-Flying Realm

Free-wheeling and free-spending, he flits between deals and a dozen homes

High above the clouds, at 35,000 ft., Adnan Khashoggi's DC-8 is cruising noiselessly toward his estate in Marbella, Spain. His guests, sipping 1961 Chateau Margaux from crystal goblets with triangular silver bases, lounge on the jet's cream-colored chamois-and-silk banquettes. His masseur, his valet, his barber and his chiropractor—they accompany him everywhere—are relaxing as well because "A.K.," as he is known to his employees, is fast asleep on the \$200,000 Russian sable spread covering his 10-ft.-wide bed in one of the plane's three bedrooms.

In the plane's fully

equipped kitchen, Khashoggi's chef is preparing hors d'oeuvres. They will be served on white triangular china, embossed in gold with the letters AK, designed, along with the crystal and flatware, at a cost of \$750,000. The plane, which Khashoggi bought in 1982 for \$31 million and had reconfig-



A \$200,000 sable and the Koran on his DC-8

ured for an additional \$9 million, has the streamlined and futuristic feel of a flying 21st century Las Vegas disco. In the sumptuous lounges, digital panels indicate the time and altitude, and electronic maps chart the jet's current position. Inside a coffee table, a color monitor shows a view of the ground. Built into the ceiling is an elaborate electronic

map of the cosmos, a 50th-birthday gift to Khashoggi, who is fascinated by astronomy. One by one, against a dark background, the outline of the constellations lights up, the tiny stars winking against the blankness. Aquarius... Cancer... Gemini... Then there is Leo, Khashoggi's birth sign, and as the constellation brightens, a small image of the round-faced, mustachioed Saudi Arabian arms merchant and businessman flashes on and off, on and off.

To those who work for him, Adnan Khashoggi is not a constellation but the very center of a mysterious and splendid universe. His is a dazzling and ostentatious realm of luxury beyond the dreams of Croesus, a shadowy sphere of deals, arms brokering and billion-dollar investments. But with Khashoggi's well-publicized role as the middleman in America's arms-for-hostages deals with Iran, light has been cast on the sometimes shaky financial state of his private and public dealings. Like the arms sales to Iran, several of his recent investments have been ill-conceived, botched deals.

The round-figured Khashoggi, who could pass as an amiable neighborhood shopkeeper, has been described as the world's richest man, though he probably never was and certainly is not now. He sometimes

seems to be dancing a curious line between fabulous profits and grim losses. What he was and continues to be is the world's biggest spender, a man whose unrivaled profligacy gilds his self-image as a grand merchant-statesman. This soft-spoken man with a gift for putting people at ease, the product of a strict Islamic upbringing from one of the world's most conservative and ascetic nations, has become an international symbol of sybaritic self-indulgence. "I am an artist with my wealth," he says in quiet measured tones while relaxing in a room at the rear of his jet.

It costs Khashoggi an estimated \$250,000 a day to support his life-style. His twelve estates around the world include a 180,000-acre ranch in Kenya and a \$30 million apartment that takes up two entire floors of a luxury building on Man-

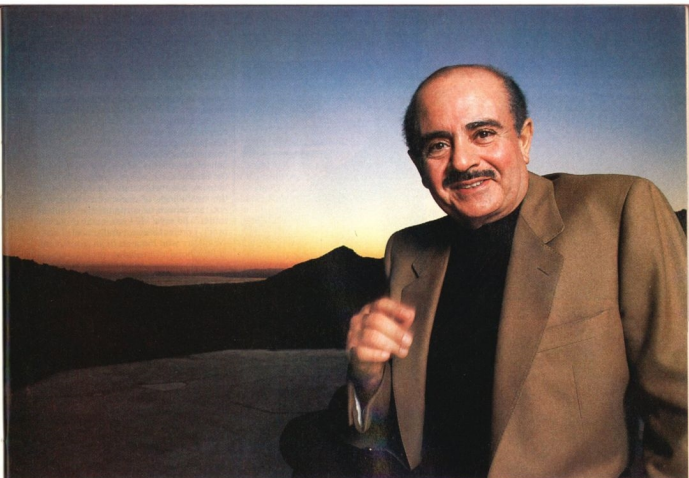
hattan's Fifth Avenue. He has homes in Marbella, Paris, Cannes, the Canary Islands, Madrid, Rome, Beirut, Riyadh, Jidda and Monte Carlo. His 282-ft. yacht *Nabila* (complete with helicopter) makes Queen Elizabeth's *Britannia* look like a package-tour ship. His fleet includes three commercial-size jets, twelve stretch Mercedes limousines, a total of 100 vehicles and a stable of Arabian horses.

This past Christmas Eve, Khashoggi entertained some 60 guests at his 5,000-acre spread on Spain's postcard Mediterranean coast. For the occasion, La Baraka (in Arabic, "the blessings of God") was transformed into a Moorish palace: gold chandeliers draped in white leaves and red streamers, the ceiling of the 50-ft.-high ballroom covered with shimmering silver and gold spangles like the fringes on a flapper's dress. That night, like a magnanimous feudal lord, Khashoggi, in a gray-and-black satin tuxedo, greeted his guests with kisses on both cheeks. Servants trooped into the ballroom carrying great silver salvers of lobster thermidor and pheasant with apples. For the children, there was a magic show featuring live doves, as well as hand-painted Cinderella-like carriages for them to ride around in.

The next day Khashoggi called his wife Lamia into his all-white

The 282-ft. *Nabila*, complete with helicopter





The master of opulent illusion and dealmaking at his ease on the grounds of the villa in Marbella, Spain

bedroom to give her a \$1.9 million diamond, emerald-and-ruby necklace. "Oh, *Baba!*" (Arabic for "father") she exclaimed when she saw it. His ex-wife Soraya, who presented her husband with a \$2.5 billion divorce suit seven years ago that was resolved amicably, was also at the house: she got a less expensive ruby necklace. Christmas was relatively quiet this year, said Khashoggi, because the family is still grieving the death of his sister in March.

Fantastic parties are a Khashoggi signature. Christmas was a simple tea compared with his 50th-birthday fete in 1985, at which he entertained more than 400 guests at a three-day extravaganza. His birthday cake, a model of Louis XIV's coronation crown, was created by a chef who was flown to the Louvre to study the original. Khashoggi's parties also take place in his 30,000-sq.-ft. quarters incorporating the 46th and 47th floors of the Olympic Towers in Manhattan. Created out of 16 separate apartments, the abode has a pool that overlooks the spires of St. Patrick's Cathedral. What will the host wear to his soiree? At Marbella there is a small warehouse, called the Central European Distribution Center, for Khashoggi's clothes. More than 1,000 handmade suits, encased in plastic and ranging from size 46 to 56 to accommodate Khashoggi's shifting figure, line the walls, sorted by

color. The clothes are shipped to each of his homes so that he will have a full wardrobe of Arab and Western wear wherever he happens to be.

Khashoggi's flamboyant life-style, besides gratifying his own inclinations, is a calculated element in his way of doing business. "Flowers and light attract night-ingales and butterflies," he says, a metaphor he prefers to the more homespun "catching flies with honey." As a schoolboy in Egypt, he would earn \$100, save half and use the rest to throw a party. He would be broke the next week, but, he says, "I would make a good impression, and all week everyone would invite me over." Some 15 years ago, he chartered a yacht and sailed to Sardinia, docking it between Aristotle Onassis' boat and that of King Constantine of Greece. "Suddenly," says Khashoggi, "I saw that it was a small club of people who talked and socialized with each other. It was so difficult to meet these people in normal circumstances. This opened my eyes to the fact that there was a certain way to penetrate these classes of people, by meeting them on their own ground."

These days Khashoggi seems to have trouble affording his own fantasy life. Despite the Iranian deals, his days as a big-time arms broker are past. He has invested in ambitious development projects around the world, several of which have

come undone. In Salt Lake City where Khashoggi launched a \$1 billion real estate venture, his Triad America company is being sued by dozens of contractors and investors for \$140 million. In the Sudan, his multibillion-dollar plan to turn the desert nation into a breadbasket failed when his friend President Jaafar Numeiry was deposed. Khashoggi is also suffering smaller indignities. French authorities last week seized his DC-9 because he had not paid a debt to a British corporation. In Marbella a strike by some 60 servants demanding back pay was recently settled. "There are times," confides a close friend, "when he has difficulty scrounging together \$200,000 of pocket money."

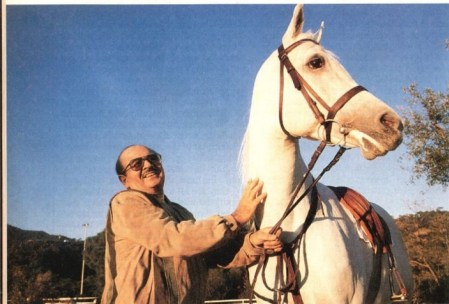
Khashoggi's problems are in keeping with the way he operates. In an age of ubiquitous M.B.A.s and computer transactions, Adnan Khashoggi is a wily and gracious trader, an exemplar of the Arab-Islamic values of daring, cunning, loyalty and generosity. For him the deal is the thing, the only thing. Business, love, politics, diplomacy—they are all forms of dealmaking. He proudly admits that he dissembles, uses women, flaunts his wealth to get an agreement. "When I am trying to broker a deal," he says animatedly, "in diplomacy or business, I don't tell the truth to both sides all the time. You should let both



Khashoggi and his wife Lamia, wearing her Christmas necklace, by the pool at Marbella



Playing with his son Ali at Christmas, above, and with one of his Arabian stallions, below



sides let off steam and feel vindicated. Then it's time to encourage both to be generous in victory. You can usually have a deal if each has something the other wants as long as you can defuse the psychological land mines."

Khashoggi has no real consolidated corporate power base. He is a master broker but a precarious builder. Instead of constructing institutions, he has created a cult of personality. He is the product of the Middle East, where loyalty is to individuals, not institutions; he understands the psychology of one-on-one haggling, not the culture of corporations. "I am a trader," he says. "If I can make a decent profit, I prefer to take it and get out. There are others who hang on to an investment in the hope of realizing profits several times the money invested. They are welcome to their method. I prefer mine."

To do business, he zigzags around the world on his jets the way others hop in a car to run an errand, because he must be there face-to-face. He believes that through the force of his personality, he can broker a billion-dollar merger or patch up a domestic tiff. Recently, in a conversation with a woman he had just met, she confided to him that she was in the final stages of divorce. "Stop!" he said excitedly. "Let me reconcile you! I am good at it."

Born in Mecca, Khashoggi grew up with the confidence that comes from being the firstborn son in a country where the eldest boy is the prince of the family. His father, Dr. Mohammad Khashoggi, was the chief physician to King Abdul Aziz, the founder of modern Saudi Arabia. From his father, Khashoggi says, he learned the difference between compassion and realism, as well as the value of giving as a prelude to receiving. Khashoggi recalls that one oppressive summer afternoon when he was eight, he discovered a beggar asleep on the front steps. Knowing of Islam's emphasis on charity, Adnan brought the man inside, gave him some food and said he could sleep in the hall. When his father returned that evening, Adnan expected great praise but got a lecture instead. "You've ruined this man's life," Dr. Khashoggi said. "He'll never be able to sleep on the sidewalk again." The incident, Khashoggi recounts, taught him that compassion must be tempered with logic, and logic with compassion. "It was the first time that I was touched by the reality of life."

Saudi Arabia was then a poor and barren desert kingdom, lagging far behind the West in development. But Dr. Khashoggi was determined to give his son a modern education. Through a timely investment, he was able to send Adnan to Victoria College, a British-run school in Egypt that was the cradle of leadership for the elite of the Middle East. Khashoggi's classmates included two princes who would become Kings, Faisal II of Iraq and Hussein of Jordan. There Khashoggi learned the rudiments of dealmaking. He

found out that a Libyan schoolmate's father wanted to buy sheets and towels; he knew that an Egyptian classmate's father manufactured them. He introduced buyer and seller, and it yielded his first commission, about \$1,000.

Khashoggi wanted to become a petroleum engineer and enrolled in the Colorado School of Mines. But Colorado was too cold for his desert blood, so his father arranged for him to go to the California State University at Chico, a school of 2,000. Set in a conservative rural town, it was an oasis for wealthy Middle Eastern students seeking an American education. When his father sent him \$10,000 to buy a car and rent a better apartment, Khashoggi purchased two trucks that he leased to the owner of a small construction company for \$125 a month. "I used to get \$225 a month from home," he remembers. "So, my income rose to \$350 a month. I became a rich student." He promptly moved to a hotel, hired a female student to do chores and type his papers, and began to give elegant soirées, replete with polished silver, pressed linen and fresh flowers.

It was the creation of an image. The 18-year-old student began brokering sales for a Seattle truck manufacturer. Soon all kinds of businessmen, assuming he was influential in Saudi Arabia, began offering him deals. "My life-style was my only way of making important contacts. I had put together a track record. But that was not enough. I would spend money in order to justify my request to be on prize society and business guest lists. In a few years everybody wanted to be on my guest lists."

Khashoggi left Chico after only three semesters; wheeling and dealing would provide the rest of his education. In 1956 Khashoggi garnered a contract to supply trucks for the Saudi army. The pattern was set: the deal, the commission, the party, more contacts and contracts. By 1962 Khashoggi was the sales agent in Saudi Arabia for Chrysler, Fiat, Westland Helicopters Ltd. and Rolls-Royce. "One association," he says, "led to another, one business to another." For Western companies, Khashoggi was the man to know in Saudi Arabia.

Throughout his life he has played up his closeness to the Saudi royal family. Lately there have been rumors that Khashoggi is out of favor in Riyadh, but he adamantly denies them. "Having heard so much revolutionary rhetoric, I can really appreciate what the Saudi government did for its people," he says. "King Fahd is the real revolutionary, after all. It takes a revolutionary to rule by common sense and compassion in the midst of turmoil."

When Fahd's half-brother King Faisal took the Saudi throne in 1964 and set the country on a course of close cooperation with the U.S., Khashoggi positioned himself to be the middleman between American arms manufacturers and the Saudi Defense Ministry. At Khashoggi's instigation, the Saudis commissioned the U.S. to study their defense needs and make recommendations as to what they should buy. As a result, Khashoggi had the inside track and locked up sales-agency rights with such U.S. firms as Lockheed, Raytheon and Northrop. He eventually won exclusive commissions on 80% of all U.S. military sales to Saudi Arabia.

vice, and analysis." His commissions started at 2.5% and eventually rose to as much as 15%.

In 1975 a Senate subcommittee investigating foreign payments by American corporations looked into Khashoggi's dealings. Northrop said it had given him \$450,000 in bribes for Saudi generals. Khashoggi denied the allegations that he had asked for bribe money, but the accusations did not endear him to the Saudi ruling family. In 1976 and '77 the Securities and Exchange Commission attempted several times to subpoena Khashoggi as part of its investigation into arms companies. Khashoggi stayed away from the U.S. for nearly two years, but later came back to give a voluntary deposition.

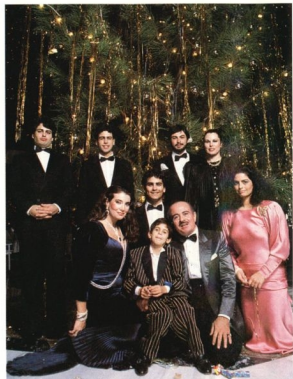
By the mid-1980s, the era of cash-and-carry megadeals had wound down as oil prices declined and the oil sheiks became more sophisticated about arms transactions. By then they had reviewed thousands of arms proposals themselves and had sent their sons off to the U.S. to earn M.B.A.s. Khashoggi was no longer essential.

As a businessman and broker, Khashoggi has as a trademark the exquisite and exotic women who seem to hover around him. He has often been accused of hiring expensive call girls to seduce the men he is attempting to do business with. He amiably confesses to paying for escorts to liven up business functions. The women, he suggests, sweeten the deal. "They lend beauty and fragrance to the surroundings," he says, while sitting on the terrace of his Marbella house overlooking Gibraltar. "They are also intelligent hostesses. I challenge anyone to come forward and prove that I ever told him the girls are available for sex," he says with a smile and a wink.

Such women served Khashoggi's purposes in other ways. In the 1970s Khashoggi spent

much time and money recruiting the "escorts" hired by the Shah, in order to get information about the Iranian's military plans. "The Shah was timid with women," Khashoggi says, "and liked to impress them by telling them exciting secrets." Khashoggi himself coached the women on how to guide the conversation to areas of particular interest. "They always came back with valuable intelligence," he says with a smile.

As Khashoggi began to spread his wealth into other investments—banks, fledgling high-tech companies, farms and ranches—his attorney Morton MacLeod tried to create a corporate organization for his enterprises. It did not work. "We were thinking of corporate organizational structures, operating capital and bottom-line earnings," says MacLeod. "He's thinking



The family at Christmas: standing, his sons Khalid, 21, Hussein, 19, Mohamed, 23, and his first wife, Soraya; in front, his second wife, Lamia, sons Ali, 7, and Omar, 17, Khashoggi and his daughter Nabila, 24

more in terms of people, relationships, alliances," Khashoggi is not an administrator. Instincts guide him; details do not concern him, and he leaves them to his aides.

Some of the deals went bad. One of his first failures was a planned \$600 million tourist resort that was shot down by the Egyptian legislature because of concern about damage to the nearby pyramids. Sudan's President Numeiry invited Khashoggi to become a virtual economic czar in his country. He set up a joint venture with the government to exploit oil resources. When Numeiry was deposed in a coup in April 1985, the new government accused Khashoggi of having interfered in the country's political and economic affairs. He is now unwelcome there.

Khashoggi's most public debacle has been in Utah, where he was attracted by what he believed were prime development opportunities. The centerpiece of his \$1 billion Salt Lake City project is the Triad Center, a \$400 million, 25-acre complex of office buildings, a hotel and retail shops. Work stopped after only about a third of the glitzy complex was completed. Khashoggi refuses to cave in to Triad's creditors, among them architects, contractors and banks. "They loaned the money against the collateral, the Triad Center," he says. "Now they hear rumors about my cash-flow problems and call the loans. I am not going to bring in cash from other businesses to pay the bankers. The collateral is all they will get if they persist." In Salt Lake City, Khashoggi was regarded as a hero for ten years; now he is branded a fraud. "If he is the richest man in the world and he is flying around in a gilded plane," says Mayor Palmer DePaulis, "why isn't he paying his debts here?"

As some of Khashoggi's business interests flagged, his somewhat quixotic interest in diplomacy seemed to rise. He came up with the idea, in 1985, of bringing Palestinians and Israelis together for peace talks through a steering committee of American, Egyptian and Jordanian officials. Later he accompanied Egyptian President Hosni Mubarak and Jordan's King Hussein when they visited the U.S. in 1985. Khashoggi proposed a \$300 billion fund to develop the area, a kind of Marshall Plan that would serve as an incentive for peace negotiations. Late in 1985, using his DC-8, he visited eight heads of state in ten days to push his plan. But ultimately nothing came of it. Khashoggi says he has brokered many political arrangements, like the arms-for-hostages deal, but always for reasons of business. "I am not interested in politics," he says. "But if it serves my business interest, I'll play the game."

To his six children, Khashoggi is not a merchant-statesman, but "Baba." His four sons and one daughter by his first wife, Soraya, are all students in the U.S. He and his second wife, Lamia, have a son Ali, 7, who lives most of the time at their house in Cannes. Although he considers himself a traditional disciplinarian and keeps his children on a budget, they do have fringe benefits: the older boys have been known to impress their dates with a tour of the family plane.

Khashoggi first met Lamia in Milan when she was a 17-year-old named Laura Biancolini. When she married Khashoggi in 1978, she changed her name and con-

prominently displayed pictures of himself with Ronald Reagan, Henry Kissinger and Pope Paul VI. At Christmas in Marbella, a gaggle of lesser European royalty partook of "A.K.'s" hospitality. Among them was Count Jaime de Mora y Aragón, the brother of the Queen of Belgium, a rakish fellow with a monocle and a waxed mustache who comes across as a blue-blooded Salvador Dali.

But one of the persons who seem closest to Khashoggi is Shri Chandra Swamiji Maharaj—Swamiji, for short. The bearded Hindu guru claims he can see into the future and the minds of mortals. The swami's brochure, which he gives out to the

uninitiated, says "his Holiness has appeared on the scene as our real savior." On Christmas Eve at Marbella, the white-robed swami glided down the marble steps in the middle of dinner, with his 14 disciples arrayed behind him. In an interview with an Indian magazine, the swami was asked what brought the two men together. "We have many common friends in politics and Hollywood," the holy man replied.

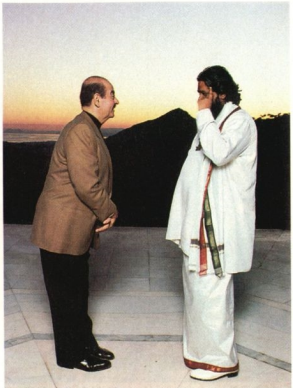
Khashoggi lives in two cultures. His identity is split between East and West, between the simple white *thobe* he wears with fellow Arabs and the handmade cashmere jackets he wears with Westerners, between the austere ethos of Mecca and the hedonism of Marbella. "When I am among you," he says, as if addressing all of the West, "I do as you do so well that practically I am one of you. But when I am in Saudi Arabia, I am a real Saudi Arabian. I obey and preserve the customs and traditions that give Saudi Arabia its identity and moral strength."

In his attempt to bridge East and West, Khashoggi does make distinctions. His image in the West as the ultimate voluptuary both pleases and annoys him. "People in the West be-

lieve they have a higher morality than we do. But in fact we have a higher inner morality. All of us do naughty things from time to time. But when it comes to the really naughty things, we think twice."

America, however, is still the home of his greatest ambitions. "My dream is to take over an important American company and use it as a base of my operations," he says as he sits in his Monte Carlo apartment. Khashoggi wants to leave his mark on the world the way he stamps AK on the cufflinks he gives employees for Christmas. But like such ancient figures as Midas and Croesus, he may end up remembered as something more ephemeral, a man known for the way he accumulated and spent his phenomenal fortune.

—By Richard Stengel, Reported by Jeanne McDowell and Raji Sanghadi/New York



Khashoggi communes with the mysterious Swamiji in Marbella. Surrounded by an entourage of curious and comical characters.

verted to the Muslim faith (as had Soraya). Buxom and statuesque with blue, almond-shaped eyes, she is self-possessed and cool. She dresses according to the Joan Collins *Dynasty* handbook, complete with diamonds and décolletage. With her, as with her husband, more is definitely more. Her idea of casual is to wear a one-inch ruby-and-diamond ring with matching ruby earrings. Her 40-carat diamond wedding ring covers the lower half of her ring finger. She asserts that size does not matter. "It's the sentiment that counts," she says in her accented English.

Khashoggi always seems to be surrounded by a coterie of admirers, an entourage of curious and often comical characters. He is gratified by his friendships with the famous and the powerful, and in his office in New York City there are



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World

FRANCE

Liberté, Egalité, Chaos

Chirac faces Italian-style unrest and protest

The Parisian dramatist Jean Cocteau once characterized his fellow Frenchmen as a bunch of Italians in a bad mood. As thumbnail assessments go, that may have been incomplete, but it was not too far off the mark. France last week continued to be seized by a wave of train and other public-service strikes that have disrupted the country for a month. Not only was the typical Frenchman's mood even sorer than usual, but there were numerous signs that French political life, and daily life for that matter, was Italianizing at the edges. The successive crises that have beset the nine-month-old conservative government of Premier Jacques Chirac began to look like those of Italy—not the Italy of recent political stability, but the once notorious Italy of disorder and unpredictability in the 1970s.

There has been, first of all, the terrorism. The Middle East-connected bombings that killed eleven people in September, for all their horror, were different from, and far more limited than, the terrorism that plagued Italy for a decade, starting in the early 1970s. But the holdups and cold-blooded assassinations of symbolic targets like Georges Besse, the Renault auto-company president who was gunned down last November by the extreme-left terrorist group Action Directe, are beginning to resemble those of the Red Brigades of 1977.

Then came the students. Their massive marches in December, protesting a selective-admissions policy contained in a university reform bill, were in many ways quintessentially French. But the anarchist and Marxist youths who emerged among the students were reminiscent of young Italian zealots who consider the Communists stodgy old fogies.

The French public-service strike, the most serious in nearly two decades, looks more Italian every day. Workers are demanding, among other things, wage increases higher than the government's 3% ceiling. Police have had to clear picketers



Not working on the railroad: riot police at the Gare de Lyon in Paris stand guard to protect the trains

off railroad tracks at scores of stations, and labor unrest has spread to Communist-led work stoppages on Paris subways, in the electric-power service and on the docks. At week's end the rail strike finally seemed to be losing steam, but the unrest could be prolonged in other areas.

Railroad stations in cities as staid and ordered as Grenoble and Lyons look like those in Naples. Among the throngs of stranded passengers, French families accustomed to better things share sausages and bread, using newspapers as picnic tablecloths. With rail traffic cut to 40% of normal, queues form behind charter-bus drivers showing their destinations on cardboard signs and shouting out the departure times. In Lyons's Part Dieu station, an illuminated advertising billboard shows a streaking orange super-speed train and carries the slogan that with the national French railway EVERYTHING IS POSSIBLE!

Some irate, but erudite passenger has scrawled across the sign in Latin "*Mirabile Dictum!*" (Strange to Say).

Some of Chirac's troubles, like his country's desert duel in Chad with Libya's Muammar Gaddafi, are hardly of his own making. But the combative, hard-driving Chirac has created many of his problems himself. In his zeal to carry out his electoral platform, the Premier has unleashed a bewildering windstorm of legislation. He is pushing to deregulate the economy, trim the budget, change the election law, curtail immigration, increase police powers and shake up the country's broadcasting sys-

tem—all at the same time. Socialist President François Mitterrand, the other partner in the uneasy power-sharing truce known as *cobabitation*, has grudgingly complimented the Premier for his "extraordinary dynamism," even as Mitterrand has balked at some of Chirac's more right-wing initiatives.

The strike crisis, however, has also provoked barbed exchanges between Chirac and Mitterrand, who on New Year's received a delegation of striking railworkers at his holiday retreat on the Mediterranean. Officials fumed at what they considered a flagrant presidential show of partisan support for the strikers, and Chirac noted acidly, "The nation's highest authorities should show their sense of responsibility for the sake of national cohesion." Mitterrand responded mildly that he supported the government's anti-inflation policies but that the sacrifices involved in carrying them out should be shared equally. The opposition Socialists have long charged that Chirac favored the rich over the poor by abolishing a tax on large estates and lowering the income tax in the highest brackets.

During the strikes, Chirac's contenders for next year's presidential race in the conservative camp also joined in reproaching his government. Former President Valéry Giscard d'Estaing criticized Chirac's "methods" and "priorities" and expressed sympathy for the striking workers by stressing that "economic liberalization must be accompanied by social conscience." Former Premier Raymond Barre endorsed the main aims of Chirac's economic policies but rebuked the government for an "overdose" of other reforms.

Chirac's hyperactivity has clearly un-



The beleaguered Premier

PHOTOGRAPH BY GUY AROCH



from protesters

settled many people. For one thing, some of his programs, like turning the country's largest state-controlled television network over to private industry, are mainly ideological trophies rather than a response to popular demands. For another, segments of French society, beginning with the students and railwaymen, have clearly had a hard time digesting Chirac's agenda. The Premier has realized this and deliberately slowed the pace of further reforms. But his public standing has suffered. One poll last week showed his approval rating off by 7 points, to 46%.

Chirac's supporters insist that all-out, Italian-style chaos is unlikely in France because the state and its authority reign supreme, whereas in Italy political institutions are less stable and established. Nonetheless, some political observers last week were starting to speculate about still another Italianization: the possible erosion of central-government authority. They speculated that the state's power could be chipped away from two directions. On one side, there are the protesting students, the spreading strikes and further demonstrations. On the other stands an ambitious government program for privatization, which, if it goes all the way, will sell off 65 large state-run companies and banks and thus reduce the government's power and purse strings.

Chirac believes turning France more to private enterprise will be beneficial, infusing the economy with fresh dynamism. The unrest, though, is decidedly not leading to new growth. As usual, the French have a word for it. The strike situation, they say, has become so confused that it is downright *bordélique*, or chaotic. That, of course, very probably comes from the Italian *bordello*.

—By Jordan Bonfante/Paris

CHAD

War by Proxy in the Dunes

French air attacks hit back at Libyan forces

The scene was Independence Square in N'Djamena, capital of the war-torn Central African state of Chad, and the crowd of 200,000 was the largest the city had ever seen. Facing the podium from the flatbed of a ten-wheel German truck were 21 Libyan prisoners of war, some of them wounded and all of them disheveled and frightened. For a moment a heavy silence hung over the square. Then, as a great roar rose from the crowd, hundreds of people ran toward the vehicle, throwing sticks and stones. The Libyans cowered to protect themselves against the onslaught, and their guards quickly drove them out of the square to safety.

The presence of the Libyans, captured a few days earlier at Fada in northeastern Chad, proved, if proof were any longer needed, that the soldiers of Colonel Muammar Gaddafi have been fighting on the ground in Chad for a long time, despite the Libyan leader's frequent denials. More important, the prisoners were tangible evidence of the biggest victory of the Chad army since the latest round of fighting began in 1982. Gaddafi responded to the defeat at Fada by dispatching four MiG-23s to bomb the towns of Arada and Oum Chalouba. The raid did little damage, yet it was important because it carried the war south of the 16th parallel. In 1983 France set that line as the point beyond which Libyan military interference would not be tolerated.

France, which ruled Chad in colonial times, is taking the lead for its Western allies in the desert war, while the U.S. is sending weaponry. Over the years Chad (pop. 5.2 million) has suffered from a variety of tribal and political conflicts directed against the government in N'Djamena, which Paris has always backed. At the same time, a force of some 8,000 Libyan troops has been fighting in

the north alongside the Chadian rebels.

Three days after the Libyan raid last week, French fighter-bombers struck the Libyan air base at Ouadi-Doum, knocking out an elaborate radar complex. The Libyans were caught by surprise because the French, flying almost at dune level, had escaped radar detection. The following day Libya responded with an aerial attack on the small town of Kouba Olanga, just south of the 16th parallel.

The recent history of Chad has been a contest between two rival northerners, Goukouni Oueddei, who was once the country's President and has more recently been the leader of the northern rebels, and Hissène Habré, once a guerrilla leader and since 1982 the President. Three months ago, while visiting the Libyan capital of Tripoli, Goukouni was shot and wounded in the Gaddafi compound under circumstances that have never been explained. He is still in Libya, reportedly under house arrest.

For whatever reason, Gaddafi's break with Goukouni caused most of the Chadian rebels to shift their loyalties from Gaddafi to Habré, thereby fundamentally changing the political role of the Libyan forces in northern Chad. Says a Western diplomat in N'Djamena: "What you have now is an invasion of Chad by Libya." Much of the credit for Chad's recent achievements goes to Habré, a French-trained lawyer who has managed to create a sense of unity in a country that has never known the meaning of the word. Buoyed by these successes, the soft-spoken Habré sounded unusually confident last week when he told his countrymen, "Our objective is to preserve our territorial integrity, and our success is only a matter of time."

—By William E. Smith.

Reported by James Wilde/N'Djamena



Soldiers receive a hero's welcome in N'Djamena after battling Gaddafi's troops in the north

World

SOUTH AFRICA

Stiff Challenge, Swift Reaction

The A.N.C. changes tactics, and the government slaps the press

The headline of the full-page advertisement that appeared last week in 22 English-language newspapers across South Africa said simply, LET THE A.N.C. SPEAK FOR ITSELF. The ad then urged State President P.W. Botha to legalize the outlawed African National Congress, which that very day was holding a 75th-anniversary celebration at its headquarters-in-exile in Lusaka, Zambia. Prominently featured in the advertisement was a silhouette of Nelson Mandela, the

drickse, one of Botha's two nonwhite Cabinet ministers, led a group of 30 protesters to whites-only King's Beach for a chilly ten-minute "splashabout" in defiance of the law. Proclaimed Hendrickse: "This is God's beach!" In the Transvaal, Ster-Kinekor, South Africa's main distributor of foreign films, said it would stop supplying U.S. productions from Warner Bros. and Columbia Pictures unless whites-only admissions policies were dropped. Ster-Kinekor said it was under



President Oliver Tambo celebrates his organization's 75th anniversary and vows to fight on. A call for blacks and whites to "come together in a massive democratic coalition."

A.N.C.'s symbolic leader, who is serving out a life sentence at Pollsmoor Prison, near Cape Town. The advertisement, placed by 18 antiapartheid and church groups, asserted that "there can be no solution to this country's problems without the participation of the A.N.C."

The government's response to the ad was swift. By midnight it had extended emergency press regulations to forbid publication of "any advertisement or report calculated to improve or promote the public image or esteem of an organization which is unlawful." Likewise forbidden were attempts to praise, defend, explain or justify the actions of illegal political groups. The import of the new rules was clear: any positive mention of the A.N.C. would be judged "subversive" and subject editors to a \$9,000 fine, a ten-year prison term or closure of their publications.

The ad represented the most brazen of several challenges last week to the Pretoria government. In the coastal city of Port Elizabeth, the Rev. Allan Hen-

drickse, one of Botha's two nonwhite

Such continuing pressure on Pretoria was cold comfort to A.N.C. President Oliver Tambo as he presided over anniversary festivities in Lusaka. There were speeches, rallies and a birthday cake decorated with icing in black, green and gold, the A.N.C.'s colors. But the most remarkable event was Tambo's speech, in which he played down the bloody guerrilla tactics that the A.N.C. has advocated in recent years. Instead, he embarked on a more moderate approach, pledging that "civilians, both black and white," would not be harmed by A.N.C. fighters. He called on whites to "come together in a massive democratic coalition" with blacks. Declared Tambo: "Our white compatriots have to learn the truth, that it is not democracy that threatens their future. Rather, it is racist tyranny."

To reassure wary whites both inside and outside South Africa, Tambo spelled out more clearly than ever the sort of government the A.N.C. leadership envisions

for the country. A majority-ruled regime, he vowed, would guarantee freedom of speech, the press and religion, and would outlaw arbitrary arrests or detentions without charge. An accompanying A.N.C. policy statement emphasized the need for creating new wealth instead of merely redistributing existing assets. While refusing to promise that South Africa's whites would be granted special "minority rights" protection under a black majority, Tambo avoided the harsh rhetoric that marked his speeches in 1986, which the A.N.C. had proclaimed the year of its military wing, Umkhonto we Sizwe (Spear of the Nation).

Tambo may have adopted the softer tone with an eye toward his meeting with U.S. Secretary of State George Shultz in Washington later this month. The U.S. shares the A.N.C.'s goal of a multiparty democracy in South Africa but objects to its violent tactics and Communist connections. Last week the Secretary departed on an eight-day trip to six black African countries that are considered U.S. allies—Senegal, Cameroon, Kenya, Nigeria, the Ivory Coast and Liberia—but had no plans to meet with Tambo or visit South Africa during his journey. Said Shultz: "Right now there doesn't seem to be any way to take a fruitful initiative there."

Last week's end South African authorities once more lashed out at the foreign press, this time calling for the expulsion of the outgoing New York Times Johannesburg bureau chief Alan Cowell, 39, a British citizen who has reported from South Africa since 1983. More troubling, Pretoria also rejected the visa application of Cowell's successor, Serge Schmemmann. That left a major U.S. daily newspaper without the staff to report the news in South Africa, despite entreaties from Times editors in New York City and U.S. embassy officials. Cowell, whose work permit expired last June, had been allowed to remain in the country while his application to stay was reviewed. No reason was given for his expulsion, but South African officials have in the past been riled by Cowell's reporting.

The latest action against the Times had a chilling effect on the foreign press, which has watched uneasily as the government has banished seven foreign television and print journalists in the past year alone. This week Los Angeles Times Johannesburg Correspondent Michael Parks, who was ordered to leave by Dec. 31, then granted an extension, will meet with authorities to appeal the decision.

Former South African Deputy Information Minister Louis Nel may have summed up the government's attitude when he told reporters last year that "we would like to see all the foreign journalists out of South Africa." What will prove harder to exorcise is the tension and trouble witnessed and reported by those journalists.

—By Wayne Svoboda.

Reported by Peter Hawthorne/Lusaka

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World

AFGHANISTAN

Messengers from Moscow

Two top Soviet officials visit Kabul to endorse a peace proposal

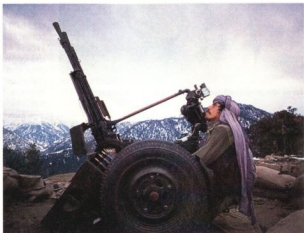
The trip was unannounced, perhaps to ensure that increasingly accurate mujahedin antiaircraft gunners would not be paying special attention to the skies around Kabul, Afghanistan's capital. But when Soviet Foreign Minister Eduard Shevardnadze and Anatoli Dobrynin, the chief of the Central Committee's International Department and for 24 years Moscow's Ambassador to Washington, stepped off their plane at Kabul's international airport last week, it was obvious that the Soviet Union was sending a public—and very interesting—message. Shevardnadze and Dobrynin, the most senior Moscow officials to visit Afghanistan since Soviet troops invaded that country in 1979, had come to endorse a peace plan advanced by Najibullah, Afghanistan's Communist leader.

On New Year's Day, following consultations in Moscow, Najibullah had announced that beginning Jan. 15, government troops would observe a cease-fire if mujahedin rebels joined in. Coupling his offer with a vague promise of "national reconciliation," Najibullah proposed that his regime and unspecified opposition groups create a new national government.

Rebel spokesmen were quick to reject the bid as a "deception," noting that Najibullah had not indicated whether the 115,000 Soviet troops in Afghanistan would stay in their barracks. Said Mo-

ammed Nabi Mohammadi, spokesman for the Islamic Alliance of Afghan Mujahedin: "We should have direct negotiations with the Soviets, and they should stop hiding behind the puppets in Kabul."

Last week's visit made it clear that Najibullah's proposed six-month cease-



Scanning the skies: a mujahedin gunner on alert for enemy planes

fire was more than propaganda. In remarks to Afghan journalists before he left the capital, Shevardnadze praised the cease-fire offer and hinted that a Soviet troop withdrawal was "not far off" so long as "freedom-loving cowboys," apparently meaning the U.S., stop aiding the rebels.

The U.S. greeted the news warily. The Shevardnadze-Dobrynin mission, said Sec-

retary of State George Shultz, showed that the Soviets realized they could not "get their way" in Afghanistan. Indeed, the Soviet army has suffered an estimated 35,000 dead and wounded. Privately, U.S. officials say they are convinced that Soviet Leader Mikhail Gorbachev, frustrated by the expensive military stalemate and eager to bolster the ailing Soviet economy, is anxious to bring his soldiers home from Afghanistan. The question facing Gorbachev is how. The rebels refuse to join a government that is not independent, while the Soviets want a

regime friendly to Moscow. "Gorbachev cannot afford just to walk away," says a senior U.S. diplomat, "and the Afghan rebels will not be snowed by phony reconciliation."

With the rebels showing no intention of going along, it is doubtful that Najibullah's cease-fire will get off the ground this week. A fresh test of Soviet intentions will come on Feb. 11, when, under U.N. auspices, talks between Afghanistan and Pakistan resume in Geneva. In previous rounds the sticking point has been the timing of a Soviet withdrawal. Moscow would like a three- or four-year deadline; Pakistan, which indirectly represents the interests of the rebels and the West, insists on no more than three or four months. "If the Soviets are as serious about seeking settlement as they have claimed," says U.S. State Department Spokesman Charles Redman, "then they should agree to a short timetable." In the meantime, the mujahedin no doubt plan to hold on to their rifles.

—By Edward W. Desmond.
Reported by Mohammed Aftab/Islamabad and Johanna McGeary/Washington

The KGB Gets Spanked

When Viktor Berkhin, a reporter for the monthly magazine *Soviet Miner*, was arrested last July on charges of "hooliganism," cries of foul came from an unlikely Big Brother. None other than the mighty *Pravda*, the official Communist Party newspaper, rushed to Berkhin's defense with two articles setting out the details of his arrest, 14-day detention and the police search of his apartment. *Pravda* charged that Berkhin's only crime was that he had done his job too well, riling local authorities by exposing government corruption in a coal-mining region of the Ukraine. The paper concluded that the secret police had committed "gross violations of socialist legality" in their treatment of Berkhin.

Last week the case came to a startling and unprecedented conclusion. The KGB official who had engineered Berkhin's arrest was fired, and there were warnings that more dismissals

were in the offing. Even more surprising was the way the firing was announced: on the front page of *Pravda*. In a statement signed by KGB Chief Viktor Chebrikov, the offending officer was castigated as a discredit to his profession. Chebrikov pledged to take measures to "ensure the strict observance of law" by state security forces.

Both the admission of misconduct and the public disclosure of punitive action against a ranking KGB officer were virtually unheard-of events. They seemed to indicate that even the elite secret police will not be immune to Mikhail Gorbachev's calls for *glasnost*, a program of openness aimed at exposing shortcomings and abuses of power in Soviet life. Some analysts speculate that the Kremlin is determined to bring the KGB under control. It will undoubtedly take time, and more disciplinary actions, before KGB agents lose their enthusiasm for trampling on the civil rights of Soviet citizens. But the incident is certain to encourage Soviet journalists to write more frankly about their country's problems.



Top cop emblem



Show of power: Cory's followers endorse the proposed constitution at a rally in Legaspi

THE PHILIPPINES

"I Know You Still Love Me"

As Aquino braces for a plebiscite, the rebels are restless

When she looked out from the lectern at 15,000 supporters chanting "Cory! Cory!" in Legaspi, 215 miles southeast of Manila, President Corason Aquino was clearly moved. "I know you still love me," she said. Indeed they did. Swept into office eleven months ago on a tidal wave of popularity, the former housewife depended on that support to overcome a possible coup last November. But now she may be wondering just how that love will be expressed in the weeks ahead as she deals with a pair of pressing problems.

When Filipinos go to the polls on Feb. 2 to vote on a proposed new constitution, the ballot will in effect be a referendum on Aquino. She is putting her immense personal prestige on the line by canvassing the country on behalf of a document that has galvanized her opponents. Meanwhile, negotiations between the government and the National Democratic Front, the political arm of the Communist insurgency, are stalemated.

The current round of talks got off to an encouraging start last month. A 60-day truce that began Dec. 10 between army troops and Communist rebels brought the country's first peaceful Christmas in 18 years. Since then, however, the sides have been unable to agree on an agenda. At a session last Tuesday, Manila officials offered to discuss "food, freedom, jobs and justice." The Communists responded with a ten-point list that included penalties for the military's human rights abuses. The session broke off in confusion, but negotiators agreed to reconvene this week.

After meeting with Communist leaders last weekend, Representative Stephen Solaz, a New York Democrat and chairman of a House Foreign Affairs subcommittee, told reporters that there was only a "very slim chance" for

peace. Though Aquino maintains that she will use force only as a last resort, Communist Negotiator Antonio Zumel said the New People's Army "shall remain ready to pull the trigger."

Aquino may have more success with the constitution. The 118-page charter, written by an Aquino-appointed committee, calls for a referendum on renewing the leases of U.S. military bases, a cutback in presidential powers and the establishment of a two-chamber congress. Aquino says the document is "worthy of the great collective act that made it possible: the rising of the Filipino people to vindicate their voice."

The President's opponents are using the ballot to muster support against the regime. Communists oppose the proposed constitution because it does not, they say, redress social injustices. Juan Ponce Enrile, who was fired as Defense Minister last November after allegedly orchestrating a coup attempt and is widely thought to want the presidency, opposes ratification because, he says, Aquino's abolition of Marcos' constitution undermined the legitimacy of her own rule. He calls Aquino the "new dictator."

Despite Aquino's continuing popularity, her staff is no longer predicting a landslide victory. Her press secretary, Teodoro Benigno, says a simple majority of 60% would be "comfortable." The President is making time-honored political moves to help ensure victory. Last week she approved a sweeping program aimed at reducing poverty, unemployment and social injustice through land reform. "Critics are grossly mistaken if they think that Cory is politically naive," says a top government official. "Enrile should know that by now."

—By J.D. Reed

Reported by Nellie Sindayon/Manila

PANAMA

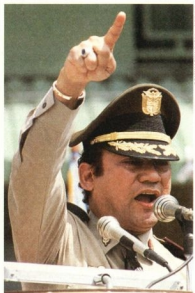
Dirty Dollars

A general scrubs up his image

Ever since 1914, when U.S. engineers connected the Atlantic and Pacific oceans by carving a 43-mile-long canal across the Isthmus of Panama, the two countries have been intimately linked. So great is American influence that the U.S. dollar is legal currency in Panama. Yet Panamanians are extremely sensitive to any slight from their northern neighbors, especially since their nation is due to take over full jurisdiction of the canal at the end of 1999. Thus diplomats scurried for cover last June, when Senator Jesse Helms of North Carolina, an opponent of the controversial 1977 treaty that turned over the canal to Panama, charged that the man who runs the country is in cahoots with drug traffickers who smuggle narcotics into the U.S.

The object of Helms' ire was General Manuel Noriega, commander of Panama's defense force and the nation's strongman since 1983. Helms accused Noriega, a onetime intelligence chief and right-hand man of the late populist dictator Omar Torrijos, of being "head of the biggest drug-trafficking operation in the Western Hemisphere." Even Noriega's staunchest supporters in Washington suspected that Helms was on to something. Says one Reagan Administration official: "Noriega gets a cut of every kind of illicit business down there."

Apparently wounded by the charges, the general has decided to try to disarm his critics. And what better way to do that than to have the Panama legislature pass a new law aimed at—what else?—drug trafficking? Last week the national



A military man tries to disarm his critics

"He gets a cut of every illicit business."

assembly did just that, requiring Panama's banks for the first time to provide information about the financial dealings of suspected narcotics kingpins and permitting previously sacrosanct numbered bank accounts to be frozen. The new law also speeds the extradition of foreigners suspected of drug offenses. Panama's banks, like those of Switzerland, have long been a haven for those trying to avoid taxes in their own countries. An estimated \$38 billion in funds sits in Panamanian banks, and tax evasion is not even a crime in Panama.

Repeated demands by the U.S. Internal Revenue Service for help in tracing the money of tax cheats have up to now gone unanswered. As Planning Minister Ricaurte Vázquez has observed, "Only two things are certain: death and taxes. We're still working on solving the first one." A Panamanian lawyer who set up several shell companies for former Philippine President Ferdinand Marcos is more direct: "It's none of my business where the money comes from."

South American drug traffickers have appreciated this attitude. Arriving regularly from Colombia, Bolivia or Peru at the Torrijos airport, they hire armored cars and off-duty policemen to escort them and their money to hotels. When a Cuban-born woman called from Miami to ask her Panamanian lawyer for help in making a deposit, he assumed she needed legal advice. What she really wanted was assistance in lugging dozens of shoe boxes filled with small-denomination bills to the bank.

Local financiers insist they are careful to make a distinction between customers interested in tax evasion and suspected drug dealers. Says Werner Lüthi, general manager of the Union Bank of Switzerland in Panama: "If someone comes to me with \$300,000 that he made from selling a house and he doesn't want to pay taxes on it, I'll be happy to open a bank account for him. But if he comes back the next month with another \$300,000 and tells me he's sold another house, I'll show him the door."

Both drug smugglers and other shady depositors became nervous last year after Panama's Attorney General, Carlos Villalaz, met twice with his American counterpart, Edwin Meese. When word began circulating that Villalaz was drafting a law that would hit the drug lords in their bank accounts, a rash of withdrawals took place. Quips one diplomat in Panama: "There's nothing as nervous as a million dirty dollars."

It remains to be seen, though, how General Noriega and his backers will make the new law work. "It's not Panama's fault that we are attractive to both buyers and sellers of drugs," says Villalaz. "I presume that everyone is a good boy." The Reagan Administration thus has good reason to be skeptical of just how good a boy General Noriega intends to be. Says one Washington official: "We'll be looking very carefully at how the new law is enforced." —By John Moody/Panama City



"Where did we go wrong?"

CHINA

There's a Dragon Out There

Demonstrations cool as Peking hardens its stand against dissent

These days Chinese students like to retell the fable of a prince named She who was fond of dragons. The prince had pictures of the mythical beasts on his walls and carved on the pillars of his house. One day a real dragon heard about the prince's obsession. But when the slithery monster poked its head through the window, Prince She trembled with fear and hid himself. The current Peking regime, say the students, is behaving much like the prince. For months, they say, the authorities encouraged political reform. But when democracy actually poked its head through the window, in the form of student demonstrations, government officials tried to push it away.

That spoof of Peking's reaction to weeks of seething unrest was not far off the mark. Last week in a front-page editorial, the Communist Party newspaper *People's Daily* denounced the students in the strongest possible terms, saying that their marches for university reform, elections and a free press were an "inevitable outcome" of "the spread of bourgeois liberalization." The editorial almost certainly had the full approval of Chinese Leader Deng Xiaoping and the full Central Committee.

By week's end it was clear that the government intended not only to clamp down on new demonstrations but sharply limit future political discussion and purge officials who have gone too far in advocating reform. Rumor had it that at least one official had already been removed: Fang Lizhi, a vice president of the University of Science and Technology in Hefei, who has strongly supported demands for more democracy. The biggest loser, however, may be Politburo Member Hu Qili, a leading advocate of political reform, whose position as a likely successor to Hu Yao-

bang as Communist Party General Secretary seems to have been badly weakened by recent events.

The month-long student demonstrations reached a dramatic climax early last week when a crowd of several hundred students at Peking University burned about 100 copies of the *Peking Daily*, the local party organ. Some made makeshift kites out of the newspaper, set them on fire and sailed them out dormitory windows. The students charged that the *Daily* had given a "distorted" picture of their movement. Three days later some 200 African students, who have complained recently about racism among their hosts, staged a twelve-mile march through the capital's streets. By week's end, though, the tough new government line seemed to have settled the protests.

The question now: How long will the official chill on dissent last? While the repercussions may be less draconian than in the past, Deng has made it clear that Western-style democratic reform is out of the question. Indeed, some Western China watchers believe the Dengists have been extraordinarily lenient with the demonstrators, in part so that they could use the continuing disorder as an excuse to cut off political discussion.

Others see less calculation behind Peking's moves. "The Deng style of decision making is very easygoing," says Andrew Nathan, a China expert at Columbia University. "To use a metaphor from pool, he takes a shot at the setup and sees where the balls go." Peking may have quieted the restive students for a while. But it is probably only a matter of time before, once again, the dragon of democracy pokes its head through Deng's window.

—By Michael S. Serrill

Reported by Richard Hornik/Peking

Shooting Up Under a Red Star

From Moscow to Prague, drug abuse comes out into the open

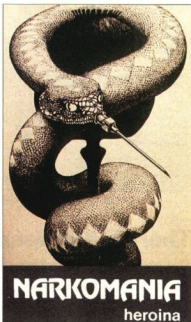
In Hungary, homeless addicts jam the underground pedestrian passageways of Budapest's Moscow Square, and dealers ply the stairways, offering everything from hashish to morphine-laced pills. In Poland, groups of addicts travel to the outskirts of Warsaw to buy sacks of poppy stalks from farmers, which they use to concoct homemade heroin. And in the Soviet Union, a young man rolls up his sleeve to show television viewers an inner forearm riddled with needle marks.

For years, East-bloc officials have claimed that drug abuse did not exist in their countries, insisting that addiction was a product of "decadent" capitalism. Not anymore. In a dramatic about-face, Soviet and East European authorities have begun to crack down on drug suppliers, searching for ways to treat addicts and publishing an array of statistics to deter potential users. Reason for the turnabout: narcotics use not only exists in the Soviet Union and Eastern Europe but is growing rapidly in some areas.

Spurred by Soviet Leader Mikhail Gorbachev's campaign for *glasnost*, a more open airing of social ills, Moscow authorities last week provided a rare glimpse of the extent of the drug problem in the Soviet Union. In an interview published in the Communist Party newspaper *Pravda*, Internal Affairs Minister Alexander Vlasov said 46,000 Soviet citizens have been diagnosed as drug addicts—a dramatic figure when compared with official estimates just two years ago that only 2,500 such hard-core users existed. Vlasov also revealed the results of operation "Poppy 86," a narcotics crackdown in which more than 4,000 drug dealers were arrested and some 250,000 acres of wild cannabis plants destroyed. Said Vlasov: "The struggle against drug addiction and crime connected with it has become one of the main tasks of the Internal Affairs Ministry."

Drug abuse in the Soviet Union stems mainly from the use of *koknar*, or opium made from poppy seeds, and *anashi*, a substance similar to marijuana, made from the cannabis plant. Both crops grow wild in the country's Central Asian region. Poppies are also cultivated legally, mainly for use in medicines. The Soviet approach to treating abusers of such drugs tends to be punitive. Under a new law, youthful offenders may be incarcerated for up to two years in a police-run "preventive educational treatment center." The job of these institutions, according to a recent article in the Soviet magazine *Man and the Law*, is to cure and "re-educate" inmates.

Officials in several East European countries have also begun



Educating addicts: a Polish pamphlet

confronting narcotics use—and encountering similar problems. As recently as 1980, Poland was the only East-bloc nation in which drug abuse was openly discussed. Today only Bulgaria, Rumania and East Germany remain silent on the issue. In Hungary, experts estimate that between 30,000 and 50,000 people abuse drugs. In Poland, one out of every ten youths is believed to use narcotics at least occasionally. Says Warsaw Sociologist Antoni Bielewicz: "The numbers are staggering, and there is no end in sight."

Situated between the Middle East and

Turkey and lucrative Western markets in Europe and the U.S., the countries of Eastern Europe lie along a prime trafficking route. In Communist Yugoslavia, which is not part of the Soviet bloc, 40% of those convicted of narcotics smuggling are foreigners. In Czechoslovakia, potentially addictive drugs are readily available: more than 90 sedatives and pain killers can be bought without a prescription. Users mix the drugs in water to produce a cocktail called *pernik* (literally, gingerbread).

The drug problem is most serious in Poland. An estimated 200,000 to 600,000 of the country's 37.5 million citizens are hard-drug users and addicts, most of them under 25. Virtually all are hooked on *kompot*, a form of heroin made by combining household chemicals with poppy stalks. Boiling the mixture produces a brownish liquid that, when injected, produces a potent high.

Witold, a 26-year-old who lives in Warsaw, began taking *kompot* six years ago without knowing it was addictive. Having lost his job, he spends most of his time these days using, buying or mixing the stuff, often filling his syringe with a hit from a street peddler (cost: about 35¢). "Life in Poland these days for young people is so awful," says Witold. "I don't want to be an ordinary man with an ordinary life."

Belatedly, East European authorities are taking measures to regulate the narcotics flow. Hungary has tightened restrictions governing the distribution of medicines, and Czechoslovakia recently joined in approving a United Nations campaign against drug trafficking. Poland last month declared that it would spend \$20 million on combatting drug abuse in 1987, double last year's amount.

Nongovernmental antidrug initiatives are also surfacing. In Poland, a semi-private, government-funded organization called Monar sponsored a demonstration against drug use that attracted thousands of young Poles across the country last September. In an effort to discourage farmers from selling poppy stalks, Poland's powerful Roman Catholic Church has pasted up posters in dozens of villages proclaiming, **THE FIFTH COMMANDMENT: THOU SHALT NOT KILL.** The church is also considering its own sanctions against drug sellers. Says Warsaw's Father Boguslaw Bijak: "There is a strong possibility that people who sell poppy straw will not be given a Christian burial."

Still, drug abuse remains an intractable problem. As in the West, it is creating other social ills. AIDS transmitted by addicts sharing contaminated needles has begun to surface in these countries. Asked if he is concerned about that disease, Witold, the Polish heroin addict, simply shrugs. "By the time it reaches us," he says, "I will probably already be dead from *kompot*."

—By Jennifer Hall.

Reported by Kenneth W. Banta/Warsaw



Youthful solidarity: linking hands against drugs in Warsaw

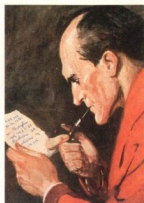
World



The Portuguese-Chinese border



Duarte looks to General Blandón for support



Mr. Holmes of Baker Street

MACAO

Squabble over A Magic Date

For the past decade, Lisbon and Peking have agreed that Macao, the tiny Portuguese colony and gambler's Mecca at the mouth of the Pearl River, would eventually return to Chinese rule. A major hitch, however, has been the inability of the two sides to fix a date for Portugal to relinquish its administration of the 6-sq.-mi. enclave.

The impasse seemed to harden last month when Chinese negotiators warned that any date beyond the year 2000 "would not be acceptable." Lisbon, it seems, would have liked to hold on a little longer, perhaps until 2007, in order to celebrate 450 years of continuous Portuguese settlement in Macao. Still, reports surfaced last week in Lisbon that Portuguese officials are now tilting toward a return date of 1999, just two years after China assumes sovereignty over the neighboring British colony of Hong Kong.

EL SALVADOR

Headaches for The Chief

Rumors flew last month that unnamed right-wing politicians in San Salvador were hard at work trying to per-

suade senior military officers to overthrow President José Napoleón Duarte. The flurry of speculation quickly fizzled out when Armed Forces Chief of Staff General Adolfo Blandón publicly reiterated his support for the President.

Now Duarte is confronted by another challenge, this time from right-wing parties that are loudly demanding his ouster. Their primary beef: a new government war tax aimed at the rich and big business. Whether or not they can inflict damage on Duarte is unclear, but the campaign could backfire. Since the new tax is intended to aid the military in its six-year-old struggle against leftist rebels, right-wingers may soon find themselves pitted against the army, a former ally they can hardly afford to antagonize.

LEBANON

Warlord with Nine Lives

At 86, former President Camille Chamoun has long since lost track of exactly how many times his enemies have tried to kill him. As the senior Christian Maronite leader in Lebanon, Chamoun is a magnet for political assassins. Last week would-be killers struck again—and failed again.

This time, a remote-controlled bomb concealed in a blue Peugeot was detonated as Chamoun's motorcade passed

through an East Beirut suburb en route to a meeting of Christian power brokers. The explosion sent his bulletproof car flying more than 50 ft. across the pavement. Miraculously, the car landed on its wheels, and Chamoun escaped with only cuts and scratches. "God is protecting us," he concluded. Others were not so lucky. The explosion took the lives of a pedestrian and three of Chamoun's bodyguards, who were traveling in a separate car, and injured 35 others.

NICARAGUA

Now You See It, Now . . .

More than seven years after the Sandinistas took power in Managua, President Daniel Ortega last week unveiled a new constitution—and then promptly curtailed many of the charter's guarantees. His reason: the simmering war between the Marxist-oriented Sandinistas and the U.S.-backed *contras*.

Since 1982, civil liberties in Nicaragua have been sharply curbed by a state of emergency called to meet the *contra* threat. The 202-article charter champions many of those suspended liberties, including freedom of speech and assembly and the right to strike. Immediately after the signing of the constitution, Ortega reimposed the state of emergency. Erick Ramirez, leader of the

opposition Social Christian Party, has dismissed the document as a "tool of propaganda for foreign consumption."

BRITAIN

Still Going Strong at 133

Not looking a day older than when he ended his career, Sherlock Holmes celebrated his centennial last week, as well as his 133rd birthday. Confused? It's elementary. Back in 1887, Sir Arthur Conan Doyle published *A Study in Scarlet*, the first of 60 works to feature the world-famous detective. Sherlockians figure Holmes was 33 when the story was published. They have also divined that Jan. 6 was his birthday. That conveniently provided Holmes' exact age—and a date to launch centennial celebrations this year on four continents.

In Britain, festivities scheduled by the 800-member Sherlock Holmes Society include a re-enactment of the famous duel between Holmes and his nemesis, Professor Moriarty, at the top of Switzerland's Reichenbach Falls. Holmes enthusiasts in Australia and Japan will hold dinners and writing forums. In the U.S., plans include a horse race honoring Silver Blaze, the title character in a popular Holmes mystery, and a dinner featuring all the foods mentioned in *A Study in Scarlet*.



Economy & Business

The Bull Tops 2000

A surging Dow finally clears a historic stock-market hurdle

For years it was viewed as an almost impossibly small dot on the financial horizon, a historic goal to be pursued in frustrating fits and starts. Suddenly, in 1986, the target became closer and more tantalizing. As 1987 brought a fresh frenzy of trading on the New York Stock Exchange, everyone on Wall Street, as well as investors across the U.S. and around the world, was caught up in the drama: Just when would the Dow Jones industrial average gather its full force and break through the psychologically portentous barrier of 2000?

Last week, more than 14 years after the Dow leaped the 1000 mark, the big moment finally arrived. As Big Board floor traders cheered and filled the air with confetti, the closing bell rang last Thursday with the index solidly perched at 2002.25. Then on Friday, after briefly falling from its record height, the Dow rallied to its sixth straight gain of the new year and finished the week at 2005.91.

If shattering the 2000 mark was primarily a symbolic triumph, it was still the most exhilarating achievement yet in one of the longest and strongest bull markets in U.S. history. Since the advance began in 1982, stock prices have more than doubled, raining hundreds of millions of dollars of profits on investors.

On Wall Street, however, today's vic-

tories always make way for tomorrow's doubts. Will passing 2000 propel the Dow to still greater heights? Or will the rise run out of momentum now that the magic goal has been reached? (Students of stock-market history recall all too well that after the Dow passed 1000, it stalled for a decade before it cracked 1100.) And perhaps most important of all, why is the market so high when the economy continues to be so lackluster?

Considering such questions mere quibbles, many optimistic analysts are convinced that the crashing of the 2000 barrier is the start of another major market upsurge that might last anywhere from two to five years. That would be a truly extraordinary event, since the current bull has already lasted for 52 months, nearly twice as long as the 30-month average life of postwar bull markets. Nonetheless, declares Steven Einhorn, chief portfolio strategist for the Goldman Sachs investment house, "there is a lot of life left in this bull market."

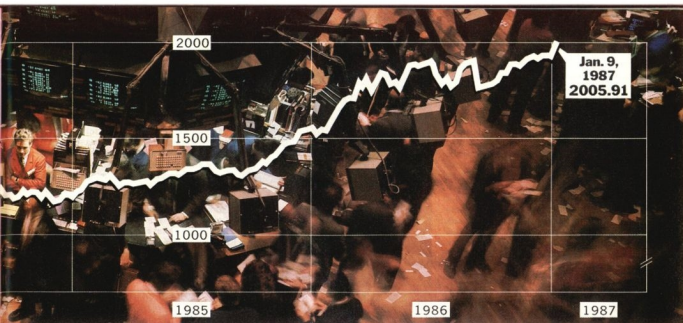
Other sages of the investment community agree. One of Wall Street's hottest gurus, Georgia-based Robert Prechter, has used an arcane branch of analysis known as Elliott Wave Theory to predict that the Dow is on a march that will peak at 3600 by 1988. In December 1985, Yale Hirsch, editor of the newsletter *Smart*

Money, forecast the date of the Dow's 2000 day within roughly a week. Now Hirsch predicts that the index may climb to 2300 within three months and reach 2700 later this year.

On the other hand, no less a figure than Liberal Economist John Kenneth Galbraith, writing in the January *Atlantic Monthly*, warns of parallels between the current breathtaking stock-market expansion and the pre-Crash era of 1929. Maintains Galbraith: "The question now, in the winter of 1987, is whether the stock market is or has been repeating its history . . . The wise, though for most the improbable course, is to assume the worst."

The strength of the Dow's performance last week, however, seemed to indicate that the worst, whatever it might be, is not yet in evidence. On Monday the 30-stock industrial index, which contains the securities of such prominent companies as IBM, Westinghouse, General Electric and General Motors, exploded with an unprecedented one-day rise of 44.01 points. That mark eclipsed the record of 43.41 set on Nov. 3, 1982. By the end of the week the Dow had climbed a total of 78.6 points, its best performance in ten months.

Significantly, the furious rally was not limited to the blue chips. Broadly based stock-market indicators scored spectacu-



ANTONIO SUAREZ

lar gains as well. The Standard & Poor's index of 500 N.Y.S.E. stocks, for example, hopped up 12.28 points last week, to 258.73, a 5% advance compared with the Dow's 4.1% increase. In the all-electronic over-the-counter marketplace, an index of some 4,230 stocks quoted by the National Association of Securities Dealers rose 27.39, to 380.65, a 7.75% gain.

The bullish feeling seemed to be shared worldwide. At the Tokyo Stock Exchange, where the 225-stock Nikkei index climbed by 43% in 1986, investors followed the Big Board's lead in pushing the average up an additional 1.3%, to a record 18936.76. The London exchange, where the *Financial Times* 500-Stock Index rose 21% last year, also racked up new records.

One clear factor in Wall Street's surge was pent-up demand. As 1986 drew to a close, many investors had worried about a general sell-off of stocks caused by a rush to take advantage of low capital-gains tax rates that were about to disappear with the onset of tax reform. The sell-off, with an attendant sharp drop in stock prices, never materialized. Once 1986 was gone, investors apparently felt free to jump back into the market.

What makes the U.S. market's current performance particularly striking—and somewhat puzzling—is that the health of the rest of the economy is mixed at best. Overall growth is nothing to brag about and is expected to continue at only 2.5% in 1987. Despite expectations of improvement, the nation's trade deficit remains abysmal, running at year's end at an estimated \$168 billion annual rate. Last week there was at least a little good news, as the Labor Department announced that the unemployment rate had dropped in December from 6.9% to 6.7%, the lowest level of last year, making the rate 7% for all of 1986. At the same time, Washington revealed that wholesale

prices for the month had remained flat, indicating that inflation was firmly in check. Indeed, for the entire year wholesale prices actually dropped by 2.5%, the first decline since 1963.

The rising stock market is also a bit surprising in view of the tepid performance of many of the U.S. corporations whose shares are increasing in value. In 1984, for example, the 30 companies that make up the Dow industrials produced collective earnings of \$120.43 a share. Last year the same firms earned only \$118.40. Looking at projected 1987 corporate profits for the entire U.S., Morgan Stanley Economist Stephen Roach predicts a dismal earnings drop of 16.1% in the first quarter.

But this bull market has never been driven by corporate profits. Instead, it has been fueled principally—some would say only—by the decline in U.S. interest rates. Every fall in rates makes bonds and other fixed-income investments seem less attractive to investors and thus increases the desirability of common stocks. In the past two years, for example, the return on 90-day Treasury bills, ordinarily a staple for conservative investors, has dropped from about 9.5% to 5.5%.

If the bull market has a father and protector, the honor can be claimed by Federal Reserve Chairman Paul Volcker. When the Dow hit a trough of 776.92 in August 1982 and the economy seemed hopelessly trapped in a recession, Volcker and his colleagues at the Fed were convinced that interest rates had to come down. No sooner had they loosened monetary policy than investors came storming back into the market. And as interest rates kept falling, the bulls kept buying. By November 1983 the Dow had reached a high of 1287.20. For the next year, the index more or less stagnated, partly as a result of uncertainty about the outcome of the 1984 presidential elections. After President Reagan's landslide victory, the bulls started stampeding again. By January of 1986, the Dow had climbed to 1502.

Then came the biggest three-month burst in stock-market history. The Dow roared to 1856 in April, sparking tremendous euphoria on Wall Street. Just as suddenly, the market then began to dippy-doodle, going through unprecedented one-day drops and climbs, including the worst ever single-day fall on Sept. 11 (86.61 points). The eye-popping volatility of the market was made possible by the steadily increasing computerization that allowed hundreds of millions of dollars to flush through the markets at the push of a button. But for all the action, the Dow managed to spend most of its time in the region of about 1880.

When the bulls made yet another return at year's end, they owed thanks once again to the Fed. "There is a lot of fresh money in the marketplace," said one happy Wall Street broker last week—and Volcker's current policies get much of the credit for its presence. For months, the economy's relatively sluggish growth has stirred fears of recession, and that in turn has spurred the Fed to allow the money supply to expand rapidly. Interest rates have thus continued to fall, and investors seeking a healthy return have turned back to stocks. Says Sam Nakagawa, president of Nakagawa & Wallace, a Wall Street consulting firm: "The forces of expansion at this point are quite powerful."

The tumble in interest rates, many economists agree, may be far from over. John Paulus, chief economist at Morgan Stanley, predicts a further drop in interest rates on Government securities of almost one percentage point in 1987, sending the return on a 90-day Treasury bill, for example, from the current 5.5% to 4.5%. Such a decline would probably prompt a further move into equities.

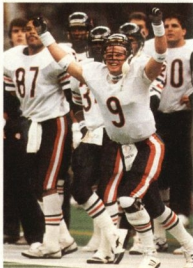
Partly because of those anticipated expansionary policies, many analysts foresee a tide of money pouring into

Economy & Business

stocks. An estimated \$950 billion worth of stocks was traded on the N.Y.S.E. during 1986. Some analysts have speculated that as much as \$450 billion more could flow into U.S. stocks over the next twelve months from such sources as pension funds, money-market-fund investors and companies that are buying up their own shares to avoid takeovers.

Another increasing source of fresh capital in the bull market is money from foreign investors. In the view of Goldman Sachs' Einhorn, foreigners have become the "single largest group of net buyers of U.S. common stocks." In 1986 such investors, largely from Western Europe, bought anywhere from \$25 billion to \$30 billion worth of additional U.S. equities. This year the total could reach \$40 billion. Foreigners remain interested in American stocks even at a time when overseas stock markets are booming, largely because their own markets are much smaller than those in the U.S.

Some analysts, however, see less money flowing into the market than others. Morgan Stanley Economist Roach, for example, warns that increasing levels of installment debt may crimp consumer spending this year, dampening the economy even further than predicted. Roach forecasts growth this year of 1.8%, well



Super Bowl 1986: both Bears and bulls won

below the 2.5% expected by many other economists. Allen Sinai, chief economist of the Shearson Lehman Bros. investment house, warns that the same consumer-debt problem may prevent households from putting their savings from income

tax reform into the stock market. Says he: "Consumers are still likely to be retrenching before responding."

The fact is that however closely the continuing bull market is parsed, dissected and analyzed, it will still retain its capacity to confound the experts, just as it has done so often in the past. That leads some analysts, as in the past, to resort jestingly to whimsical or far-out market tools. One current favorite is the Super Bowl theory. It holds that whenever a team from the original National Football League wins the championship crown, the stock market rises for that year; whenever a team from the old American Football League triumphs, the market falls. As ridiculous as this pipskin prognostication may appear, the Super Bowl indicator has proved to be right in 18 of the past 20 years, based on the Dow's performance. The theory worked to perfection last year when the Chicago Bears, of the original N.F.L., trounced the New England Patriots. But as the Bears discovered anew in their upset loss in this season's playoffs, glory on the gridiron can be fleeting. No less unpredictable, indeed, is the outcome of the contests that are waged on the rough-and-tumble playing fields of Wall Street.

—By George Russell.
Reported by Frederick Ungeheuer/New York

The Way We Were at 1000

Only once before has the Dow Jones industrial average crossed a milestone of such dizzying stature. Before the magic of 2000 came the mystique of 1000. The Dow first broke through that barrier more than 14 years ago, closing at 1003.16 on Nov. 14, 1972. For nearly a decade before, brokers had dreamed about the event, describing it as "romantic" and comparing it to the first breaking of the 4-min. mile. "It's a hell of a news item," said one investment-house partner on the day it finally happened. Economist John Kenneth Galbraith, on the other hand, downplayed it, saying, "Mostly it was useful to people who needed an excuse to get drunk." But many Wall Streeters believed the general intoxication surrounding the event would inspire small-time investors to pour their money into the market and keep the Dow rolling inexorably forward.

The 1000 mark was sweet to Wall Street because it capped a long struggle. The Dow had momentarily crossed 1000 almost seven years earlier, during trading on Jan. 18, 1966, but had fallen back before the end of the day. The index rallied in 1968, but then began a rocky slide as the Viet Nam War continued to eat away at the nation's morale and economic health. For the next few years inflation and recession knocked the Dow down every time it tried to edge up toward 1000.

Finally, toward the end of 1972, came a time of national optimism and prosperi-

ty. The economy had been expanding for 24 months, and experts predicted a growth spurt of as much as 6% for 1973. National Security Adviser Henry Kissinger made his famous prediction in October that peace was at hand in Viet Nam. The final boost came on Nov. 7, when President Nixon and Vice President Agnew won re-election in a huge landslide. Exactly one week later the market hit the millennium.

The giddiness prompted Wall Street bulls to forecast that the Dow would break 1100 and even 1200 within twelve to 18 months. Said William Donaldson, chairman of the investment

firm Donaldson, Lufkin & Jenrette: "The fact that the industrials went over and stayed over 1000 has big psychological importance." Few investors expected the stampede to continue without a pause, but even the groucheiest bears would not have guessed what actually happened: the Dow was unable to break 1100 until more than ten years later—during the bull market of the '80s.

After topping 1000, the Dow climbed to a '70s peak of 1051.70 on Jan. 11, 1973, and promptly fell into the worst bear market since World War II. The Watergate scandal was heating up, inflation surged, and the Arab oil embargo hit. The Dow plunged relentlessly for nearly two years, until it lost 45% of its value, hitting a '70s nadir of 577.60 on Dec. 6, 1974. The market seasawed upward during the rest of the '70s, but was kept under 1000 by inflation, recessions and a second oil shock in 1979. The lesson of those sober years is that reaching the 2000 milestone reveals almost nothing about what is to come.



Winners: Nixon, Agnew and Wall Street

Waterloo at USX

Carl Icahn meets his match

For most corporate managers, the very mention of Carl Icahn's name is enough to cause shudders. But USX Chairman David Roderick may be tougher than most. Last week, after a three-month battle to gain control of the largest U.S. steelmaker, Icahn abruptly gave up, outmaneuvered by Roderick. The corporate raider and TWA chairman had been unable to raise the \$10.5 billion needed to capture the company. Says Joachim Schnabel, investment officer for the College Retirement Equities Fund, which holds more than 2 million USX shares: "You have to credit USX management for not caving in."



Outmaneuvered, but not out of the picture

A last-minute play made the price too high.

It would have been easy enough for Roderick to submit, faced as he was with enormous pressures on all sides. For the past year the oil and gas business, which generates some 60% of USX revenues, has been hit by declining petroleum prices. USX has also been mired in a bitter five-month-old strike by 22,000 steelworkers. The firm, which earned \$409 million on sales of \$19.3 billion in 1985, is expected to report a net loss for 1986 of about \$500 million on revenues of some \$16.5 billion.

When Icahn first made an offer of \$7.1 billion, at \$31 a share, in October, Roderick resolved to save his company. The chairman knew that Icahn might sell off USX piece by piece, since the breakup value of the firm is estimated to be more than \$61 a share, or \$15.8 billion. USX announced that it would undertake a cost-cutting and restructuring program.

In the end, though, it was a relatively simple play that dashed Icahn's hopes. USX had borrowed \$3.4 billion last year under terms that allowed the lenders to

call in their loans immediately if the company were taken over. At the end of December, Roderick cleverly decided to use up these funds to pay off other debts. If Icahn had gained control of USX, the banks could have demanded repayment. That in effect raised the cost of taking over the company from about \$7.1 billion to \$10.5 billion.

At that price, the USX takeover would have been the second most expensive in U.S. history, ranking behind only the \$13.2 billion acquisition of Gulf Oil by Standard Oil of California in 1984. But Drexel Burnham Lambert, Icahn's investment bankers, apparently could not raise all the money needed. Some Wall Street observers speculated that Drexel Burnham's ability to finance takeovers has been somewhat hampered by the fact that it has been subpoenaed in the widening Securities and Exchange Commission investigation into illegal insider trading.

In past forays, Icahn has sometimes walked away with hefty greenmail profits. In a greenmail deal, a raider sells his shares in a target company back to the firm for a premium not available to other shareholders. If that was Icahn's plan in this case, Roderick refused to play along. During his takeover effort, the financier paid an average price estimated to be somewhere between \$22.50 and \$26 a share for 29.3 million shares of USX. After climbing to 28% during the takeover battle, the company's stock closed last week at 22%. That means that Icahn could have lost money on the deal so far. Though he said last week that he might mount a proxy fight for seats on the USX board, the investment community was skeptical about his odds of winning.

Now that USX has apparently turned back the takeover threat, the company can concentrate on its formidable internal problems. Most urgent is the strike, which is growing more and more damaging to both labor and management. The union strike fund that has been paying many USX workers \$60 a week is running low. At the same time, the work stoppage is costing USX at least \$1 million a day and forcing its customers to turn elsewhere. Says a company spokesman: "We have already lost first-quarter orders. We don't want to lose second-quarter orders." A settlement could come as early as this week.

—By Janice Castro.

Reported by Thomas McCarroll/New York

Uneasy Alliance

Defections hit a computer team

The idea was something along the lines of one for all and all for one. Top-notch U.S. high-tech companies would combine their research efforts and defeat their fierce competitors from Japan. But now the alliance, known as the Microelectronics and Computer Technology Corp. (MCC), is suffering some serious defections. Last week MCC announced that Unisys, Lockheed and Allied-Signal had

given notice that they will be departing from the consortium at the end of the year. All three companies say in essence that being part of the group no longer fits their needs.

Moreover, the consortium must find a successor to Bobby Inman, the former CIA deputy director, who left his post as chairman of MCC at the end of 1986. Inman, who says he now wants to concentrate on bringing advanced technology to the marketplace, will head Westmark Systems, a new holding company that will acquire high-tech defense-industry firms.

MCC was formed in 1982 by ten companies, in part to counter Japan's Fifth-Generation Project, a combined government and industry effort to develop new supercomputers. The consortium's member firms agreed to pool the results of jointly financed long-term research conducted



MCC technicians with a silicon wafer

Members do not always send top researchers.

at an Austin center on such subjects as artificial intelligence and the making of silicon microchips. The original MCC roster was an honor roll of technological titans, including Digital Equipment, Advanced Micro Devices, Honeywell and National Semiconductor. Subsequently other respected firms, including 3M and Boeing, joined, and the current membership numbers 20.

But despite the substantial progress reportedly being made in MCC labs, the consortium's work has been hampered by the wary independence of some of its members. While MCC companies all want to share in the fruits of the consortium's research, they do not want to give competitors an edge. Says Drew Peck, who follows electronics companies for the Gartner Group: "Member firms are reluctant to assign their first-tier researchers to MCC. To them, sharing their research talent and resources with competitors is considered an unnatural act." But that is exactly what U.S. companies may have to do to best their Japanese rivals. ■

London Calling, on a Beam of Light

Undersea fiber-optic cables will bring continents closer together

The cable is only the size of a large garden hose, and its route across the marshlands of New Jersey is not particularly breathtaking. But AT&T workers are taking extraordinary care in handling and splicing this slender conduit as they work their way inch by inch toward the ocean. This is no routine telephone line going in. When it reaches its final destination—Europe—in 1988, the \$335 million cable will be the first telephone line to carry voices and data across the Atlantic on beams of light.

The fiber-optic cable will be able to handle the equivalent of 40,000 simultaneous telephone conversations, more than twice the number of transatlantic phone lines now available on the three operating

dersea phone lines represent a big leap forward.

Transatlantic cables have been in operation since 1858, when the first working telegraph line was laid between Newfoundland and Ireland after many failed attempts. But radio was the only means of transmitting telephone calls across the ocean until 1956, when the first voice-carrying cable was completed. Dubbed TAT-1, for transatlantic, the \$49.5 million telephone cable connected Newfoundland with Scotland and could carry 52 telephone calls. More cables followed, but the number of available wires remained well below demand until recent years. The last conventional cable to be installed, TAT-7, was built in 1983 for

another advantage—security—for banks and other institutions that send sensitive information. Unlike satellite transmissions, which can be intercepted by outsiders, a glass-fiber line is almost impossible to tap.

While users will take delight in the new form of transmission, it could provide an uncomfortable amount of competition for satellite operators. At least one of them, Washington-based Comsat, is gearing up for a tough marketing battle. "Satellites ain't dead yet," says Joel Alper, president of Comsat's Space Communications Division. "Our fiber-optic competitors will find us a strong and aggressive opponent."

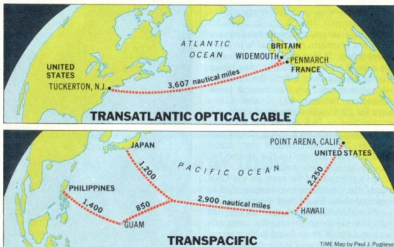
Satellite operators have been eager to point out the drawbacks of fiber optics. Few though they are, one potential problem is cable breakage, which can require six months to locate and repair. AT&T researchers were astonished to discover during testing last year near the Canary Islands that fiber-optic cables emit an electrical signal that attracts a sharp-toothed menace, the alligator shark. On more than one occasion, the small sharks have managed to bite through the cable and knock it out of commission. AT&T hopes it has solved the problem by cladding the cable in heavier armor.

More delicate and brittle than copper cable, the fiber conduit must be laid with painstaking techniques. Perhaps the most difficult stretch will be the first 100 miles off the U.S. coast, where the line will rest on the relatively shallow continental shelf. To protect the line from fishing boats and jagged rocks, the cable will be buried two feet below the sea floor by a robot trench digger. The undersea plow, operated by a specially equipped Canadian ship, will dig the ditch for the cable and then fill in the trench by blowing soil into it with water jets.

The Canadian vessel should complete the first stretch by next autumn, when the AT&T cable ship *C.S. Long Lines* will pick up the job. Moving across the deep ocean, the cable ship will lay the conduit directly on the seabed at the speed rate of 6 m.p.h. Oceanographers have plotted a course to avoid sharp peaks or volcanic ranges on the ocean floor.

While 65% of all international calls from the U.S. travel across the Atlantic, the Pacific will be the next ocean to be bridged by fiber optics. Next year AT&T and 22 joint-venture partners plan to begin construction of an 8,600-nautical-mile fiber cable that will link California with the Pacific rim. The cable will reach from Point Arena, Calif., just north of San Francisco, to Hawaii, and then 2,900 miles farther west to a point in the ocean where it will split into separate branches to Japan, Guam and the Philippines. When the Pacific line is completed, a phone call to the other side of the world may sound like one from just around the corner.

—By Stephen Koopp.
Reported by Steven Holmes/London and Thomas McCarroll/New York



copper-core cables. Together with a \$700 million transpacific fiber-optic cable scheduled to be completed in 1989, the new undersea phone lines should provide better connections and lower prices for millions of U.S. consumers and businesses who regularly reach out and touch someone across an ocean.

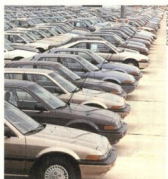
Callers will hear a noticeable improvement in transmission quality, AT&T promises. The current undersea cables are often overcrowded and frequently suffer from static. And satellite connections, which now carry about 60% of transatlantic phone calls, typically produce an echo sound and an annoying half-second delay because signals must be sent 22,300 miles up to a communications satellite and back down again. Fiber-optic technology, by contrast, delivers a comparatively pure sound. The ultrathin glass fibers in the cable carry information on laser beams of light, which travel with virtually no susceptibility to electronic interference. Long-distance telephone companies have already installed more than 20,000 miles of fiber-optic cables to connect major cities in the U.S., but the un-

\$191 million and carries up to 9,000 calls.

The optical cable will be jointly owned by 29 separate North American and European communications companies, among them AT&T, RCA, MCI, ITT and Western Union. AT&T, which has a 37% stake in the venture, is in charge of building the first 3,161 nautical miles of the cable, to a point in the Atlantic Ocean near Continental Europe. There the cable will fork into two lines, one each to Britain and France, which will be built by communications firms from those countries.

The huge jump in transatlantic telephone capacity is expected to bring lower prices for both telephone conversations and data transmission (current price of a ten-minute, afternoon Manhattan-to-London call: \$7.98, plus tax). The optical cable will also be the first transatlantic line to carry television and other video signals, which now travel only by satellite. The glass-fiber line will be well suited to video transmission because TV signals are densely packed with information and thus require large amounts of cable capacity. The fiber-optic cable will provide

Business Notes



Honda's Ohio plant made these models



Dyed and dead, the trees still look, smell and feel alive



A scene from Cannon's *Death Wish 3*

AUTOS

Imports Are On a Roll

It was a record year for car sales in the U.S., but domestic automakers had no reason to be euphoric. While Americans bought 16.3 million cars and light trucks last year, up from 15.7 million in 1985, imports accounted for most of that growth. Foreign carmakers now claim 28.2% of the U.S. market, compared with 25.7% in 1985.

The invasion from overseas shows no signs of slowing down. Last week Honda, the leading Japanese carmaker in the U.S., announced a major \$450 million investment in a new Ohio facility to build engines and car components for use in the company's Marysville, Ohio, assembly plant.

BANKING

A Jolly Good Agreement

Investors can now skip around the globe to buy and sell foreign stocks, bonds and bank notes. But since many nations impose different regulations on their financial systems, the playing field for the international investor is not always a level one. Last week Britain and the U.S. took a major step toward smoothing the surface. The two countries proposed a

uniform set of rules to govern banks' capital reserves. Federal Reserve Board Chairman Paul Volcker called the pact a "breakthrough."

The accord would require that most American and British banks set aside higher-than-normal amounts of capital to cover losses on their riskier loans. British banks have been subject to risk-based capital requirements for several years, but U.S. banks must currently set aside reserves amounting to only 6% of total assets, however speculative their investments.

PRODUCTS

Let Sleeping Plants Lie

Many plant lovers are also plant killers: they never quite find the right mix of light and water to keep their houseplants alive. Weyerhaeuser, the Tacoma, Wash.-based forest-products company, believes this problem may now be solved. Last week the firm began selling plants, trees and flowers that have been put into a kind of permanent "sleep." Weyerhaeuser owns the North American rights to the treatment, in which nontoxic preservatives are injected into the plants. The process, which also permits the use of dyes to transform green plants into red ones, has been available on a limited basis in Europe since the 1970s. Oaks, palms and eu-

calyptus trees, as well as indoor plants like baby's breath, can be preserved for as long as eight years. After the process, the plants look, feel and even smell like they did before. Still, they neither grow nor blossom and have no need for water or light. The sleeping plants will sell for up to four times the cost of their living counterparts.

Weyerhaeuser believes there is a huge market for its products, but owners of plant nurseries caution that sales of living trees and flowers are not about to die off. Says Steve McGonigal, executive director of the Washington State Nurserymen's Association: "There will never be a substitute for a real plant."

MOVIES

Cannon Runs Low on Ammo

Only a year ago Cannon Group provoked sneers—and envy—in Hollywood with such low-brow but high-profit films as *Death Wish 3* and *Breakin'*. Now the studio is a fallen star. Cannon is slashing its production schedule this year by more than 65%. The studio last month narrowly avoided filing for bankruptcy because of its debt load, which reached \$200 million at the end of 1985. Warner Communications at least temporarily rescued the studio by investing \$75 million in exchange for a 23% stake in Cannon stock and \$25 mil-

lion worth of company bonds.

Cannon has been suffering from a sudden dearth of box-office hits, but that may not be its most serious problem. Critics charge that its past success may have resulted partly from questionable accounting practices, and the Securities and Exchange Commission is currently looking over Cannon's books.

SCANDALS

Officer! Stop That Man

"The greatest bank robbery ever," fumed Mordechai Virshubski, a member of Israel's Knesset. He and many of his countrymen were outraged at the news that Ernest Japhet, the former chairman of Bank Leumi (1985 assets: \$22 billion), had negotiated for himself \$5 million in severance pay and a \$360,000 annual pension. Protesters stormed the bank's Tel Aviv headquarters. A prime reason for the anger was that Japhet had been forced to step down last year when a government commission criticized his role in the 1983 crash of the value of Israeli bank stocks. As public indignation mounted last week, the bank's board of directors voted to suspend Japhet's "golden handshake." A review of the affair has begun, but few observers expect that Japhet will regain his benefit package.

“I’ve got more
to do than figure
computer.”

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Ethics



Eye of the storm: the disputed infant has stirred a wider dispute about the procedure through which she was conceived

Whose Child Is This?

Baby M. and the agonizing dilemma of surrogate motherhood

The second half of the 20th century has been full of uneasy trade-offs and Faustian bargains. One after another, life's most intimate and privileged matters—sexual relations, conception, birth and death—have been delivered to the unsanctified ground of science and commerce. The results may be welcome: the laboratory study of sex leads to treatments for sexual dysfunction; technologies of fertility give hope to the childless; mechanical organs offer the chance of longer life. But even as the gains are counted, the reservations mount. Even when the mind assents, the heart sometimes shivers.

For anyone but the central figures, and perhaps for them as well, mixed emotions are the only kind that seem fitting to bring to the New Jersey courtroom where a landmark case involving custody of a 9½-month-old infant is being heard. Mary Beth Whitehead thought she knew herself in 1985, when she contracted, as a surrogate mother, to bear a child for Wil-

liam and Elizabeth Stern. But her certainties crumbled when she gave birth last March to the girl she calls Sara, the Sterns call Melissa and court papers call Baby M. In hours of emotional testimony last week, Whitehead told the court that the experience of childbirth "overpowered" her. Her husband said that after handing over the child to the Sterns, his wife cried hysterically, asking, "Oh God, what have I done?"

The court battle over Baby M. will answer only a part of that question. In deciding the case, New Jersey Superior Court Judge Harvey Sorkow becomes the first judge in the U.S. asked to enforce a surrogate agreement. He could treat the case mainly as a contract dispute, rule that the contract is valid and award the child to the Sterns. Or he could opt to treat it basically as a custody battle; then the best interests of the child would be the guiding principle. Custody is often awarded to mothers, but since Baby M. has been living with the Sterns at the judge's order for

most of the time since she was born, that approach may favor them too.

Any decision is almost certain to be appealed. Yet even when the final court has its final say, the echoes of Whitehead's anguished question will still hang in the air. If a society legitimates surrogacy, what has it done? Has it imperiled its most venerable notions of kinship and the bond between mother and child? Has it opened the way to a dismal baby industry, in which well-to-do couples rent out the wombs of less affluent women, sometimes just to spare themselves the inconvenience of pregnancy? Yet if surrogacy is prohibited, has a promising way for childless couples to have families been denied them? And what if the truest answer to those questions is also the most problematical—yes to all the above?

In the crowded courtroom in Hackensack, N.J., listeners heard repeated last week the now familiar outlines of the story. William Stern, 40, a biochemist, and his wife Elizabeth, 41, a pediatrician, con-

tracted with Whitehead early in 1985 for her to conceive a child through artificial insemination and carry it on their behalf. The three were brought together through the Infertility Center of New York, a for-profit Manhattan agency. The Sterns chose Whitehead, now 29, after reviewing and rejecting the applications of 300 women. Some drank. Some smoked cigarettes or marijuana. Some just did not look the part. The Sterns wanted a candidate "who might have looked like us," said Elizabeth Stern.

Mary Beth Whitehead seemed perfect. A housewife with two school-age children by her husband Richard, she had wanted to become a surrogate mother to help a childless couple. She claimed to want no more children of her own. After she met the Sterns for the first time at a New Jersey restaurant, the three became friends, trading phone calls back and forth. Whitehead signed a contract, promising among other things that she would not "form or attempt to form a parent-child relationship" with the resulting infant. The Sterns promised to pay her \$10,000, plus medical expenses. They paid the center \$10,000. But during delivery, Whitehead told the court last week, she decided she could not go through with it. "Something took over," she said. "I think it was just being a mother."

Whitehead, who did not accept her fee or sign over custody, took the child home with her. Three days later the Sterns collected the baby from the Whitehead home, but next morning Whitehead came by to beg for the infant's temporary return. After a two-hour encounter that both sides say was punctuated by emotional outbursts, the Sterns reluctantly agreed. "We thought she was suicidal," William Stern said. Two weeks later, when the Sterns came to her home, Whitehead told them she would not give up the child.

The following month, after obtaining a court order that required the infant to be handed over to them, the Sterns returned, accompanied by five policemen. In the confusion, Richard Whitehead slipped away with the child through a bedroom window. The Whiteheads then fled with the baby to Florida, where they were tracked down by a private detective hired by the Sterns. Authorities took the infant and returned her to New Jersey. Last September, Judge Sorkow gave temporary custody to the Sterns, but he allowed Mary Beth Whitehead to spend two hours twice a week with Baby M. on the neutral turf of a local children's home.

The judge, who is hearing the suit without a jury, will have little to guide him as he makes his decision. There have been at least four other instances in which a surrogate mother has decided to keep the child. The cases either were settled out of court or produced no guiding precedent. In the past few years, at least 21 states have groped toward legislation on surrogacy, without success. Laws defining and regulating the practice must somehow be distinguished from statutes in all 50 states



The Whiteheads: after the birth she cried, "Oh God, what have I done?"

against baby selling. Further, in the 29 states that have laws covering artificial insemination, the consenting husband of a woman who is artificially inseminated is deemed the legal father. The opposite is proposed under potential surrogacy legislation in which the semen donor is considered the father.

But paradoxes abound throughout the subject of surrogacy, a notion that speaks to the parental instinct and offends it in the same stroke. So that a father can enjoy a blood relation to his child, the surrogate mother is persuaded to treat the same bond as negotiable. For all the complexities, however, surrogacy is one of the simplest and most venerable of the new conception options. Even the Bible offers a parallel (in the *Book of Genesis*, naturally). When his wife proved unable to conceive, Abraham impregnated her hand-maiden Hagar, who bore Ishmael. There were hard feelings in the aftermath of that arrangement too.

Modern contract surrogacy emerged around 1976. Noel Keane, a Dearborn, Mich., attorney who helps run the infertile-

ity center that is involved in the Baby M. case, handled one of the first such arrangements. "I know there are thousands of people who want it and need it," Keane once wrote of surrogate motherhood, "including the surrogate mothers."

Statistics on the subject are few and inexact, but Keane estimates that 500 children have been born to surrogate parents since then, 65 of them last year. About a dozen surrogate centers are in operation around the country. The number is small but is likely to grow at a time when as many as 15% of married couples in the U.S. meet the medical definition of infertile.

That potential demand makes some people anxious to see the surrogate practice halted now. "If you regulate it," objects William Pierce, president of the National Committee for Adoption, "that is making a public statement that it's all right. We decided a hundred years ago we didn't want people bought and sold in this country." Some religious groups vehemently oppose the practice. The Roman Catholic Church, which condemns artifi-



The Sterns: they thought they had found the perfect woman to bear their child

Ethics

cial insemination outside of marriage, regards surrogacy as a violation of the biological and spiritual unity of husband and wife. In a joint statement last month, New Jersey's bishops further contended that surrogacy "exploits a child as a commodity and exploits a woman as a baby-maker."

Rabbi Moses Tendler, professor of Jewish medical ethics at Manhattan's Yeshiva University, is no less affronted by what he calls the hiring of a "uterus for nine months." He maintains, "In the old days you could buy a whole person—a slave—to do with as you wished. Now, if these surrogate contracts are accepted, you'll be able to buy just a specific organ."

One argument for legalization is that forbidding surrogacy will simply drive it underground, ensuring that an unregulated black-market trade will flourish. But if the practice is to be permitted, in what form should it survive? Fearing that conception, the most intimate of functions, might become one more branch of private enterprise, some experts want surrogacy to be conducted like adoption, mostly through nonprofit agencies. "I do not think people should be gestating babies for money," says Arthur Caplan, director of the Bio-Medical Ethics Center at the University of Minnesota. "Entrepreneurs who come into the business are not being screened."

Indeed, the sharpest objection to surrogacy is the prospect of watching conception itself go commercial. "Children are not goods or property," says Norman Robbins, a Birmingham, Mich., attorney with a special interest in family law. "Children cannot be bought or sold by parents." While pregnancy can be as much an ordeal as a blessing, sanctioned compensation raises the prospect of some women, especially among the poor, turning to careers as professional breeders. Truly nightmarish prospects of a breeding market may be on the horizon, with greater use of the in vitro procedure, a still uncommon practice, which makes possible the insertion of the laboratory-fertilized egg of one woman into the womb of another. Some fear that the poorest American or even Third World women would become human incubators for prosperous couples who prefer not to gestate their own offspring.

And if surrogacy is acceptable for infertile couples, what about others who want children—infertile singles, say, or married women who fear that pregnancy will interrupt their careers? The Baby M. case has already touched on the latter issue. It was once presumed that the Sterns resorted to the surrogate process because Dr. Stern was unable to conceive. A different reason emerged in court last week, when William Stern testified that his wife

had been diagnosed in 1979 as having a probable mild case of multiple sclerosis. The couple turned to surrogacy, he now says, because they feared that a pregnancy could result in her paralysis or even death. Whitehead's lawyers will be calling medical witnesses to cast doubt on the likelihood of such an outcome, with the implication that Dr. Stern's real concern was to avoid disrupting her career.

"We need to treat these matters in much the same way that we now regulate adoption," says Doris Jonas Freed, chairman of the New York State Bar Association committee on surrogacy. Among other

vide the surrogate mother with many rights, but puts a good number of restraints on her. She agrees to abstain from smoking, alcohol and drugs as well as sexual intercourse during the period around insemination. Most agreements forbid her to abort without consent of the father, though some require it if amniocentesis reveals fetal abnormalities. And while the mothers are screened, though not always with sufficient diligence, the contracting couples often are not. What are the ethical dilemmas of a surrogate mother who delivers her child into a home she knows little about?

In September a committee formed by the American Fertility Society of Birmingham issued a 100-page volume of ethical guidelines relating to the host of new reproductive technologies. Because of the risks to the mother, the committee pronounced itself "not favorably disposed to the use of surrogate mothers for nonmedical reasons." But the members declined to issue an across-the-board condemnation. And they deplored the absence of reliable data from which to draw conclusions. Mary Beth Whitehead is a high school dropout who married at 16. Is that typical of surrogate mothers? Are they more likely to be exploited or fulfilled, altruistic or driven by dark motives?

The American principle is ever an active one: to set to work on a problem and be done with it. In an area with so much potential for exploitation and grief, that impulse is easily understood. But to shape lasting solutions now—whether to legitimate surrogacy or prohibit it—may be premature when so little is known. "We have real concerns about the widespread use of surrogacy until more study is done," says Dr. Richard Marrs of Cedars-Sinai Hospital in Los Angeles and a member of the committee that drew up the fertility society's guidelines. "We have to reserve our ethical judgment until we see the data."

Still, one question must be answered. Whose child is Baby M. to be? Sympathies can be divided, the infant cannot. Solomon's threatened sword will no longer bring a simple answer. Deciding her fate will require all of Judge Sorkow's compassion, sense and ability to appraise clearly the issues involved. In March the baby will have her first birthday, almost certainly before she has her last name. It is unconscionable, unacceptable for her, but the questions her case raises are painful and daunting. When the opportunities that technology provides bring dilemmas in their wake, technology rarely provides answers to them. In the end, only people bear children. People will have to bear the consequences too.

—By Richard Lacayo.
Reported by Roger Franklin/Hackensack and B. Russell Leavitt/Atlanta



things, she would require comprehensive investigation of potential surrogates and contracts containing cooling-off periods to allow surrogates to change their minds. "In fact," she says, "a surrogacy contract should require the sanction and approval of the courts."

Elizabeth Kane, 44, a mother of three from Pekin, Ill., and one of the nation's first contracted surrogate mothers, firmly believes such women need more legal protection. "I would still give the birth mother first choice," Kane says. If she does give up the child, psychological counseling should be provided for her after delivery. "A woman needs to talk to someone and say, 'I miss my baby.' I had to suppress those feelings for years." During the pregnancy, she says, contracting couples are always solicitous. "But once you've delivered, they are not interested in you. We give up so much to have a child for another woman, and then we don't have any rights."

A standard contract currently used in many such arrangements does not pro-

Science

Arcs, Birth and a Disk in the Sky

Some faraway surprises from an astronomy meeting

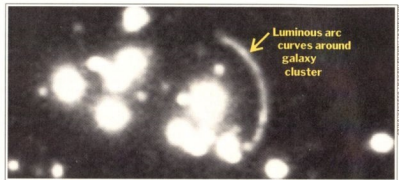
Even the most jaded sky watchers were intrigued last week by three remarkable discoveries reported at the American Astronomical Society meeting in Pasadena, Calif. Two of the finds lend support to current theories about the formation of planets and of galaxies, immense islands of hundreds of billions of stars. But a third—two gigantic, well-defined arcs of light, as well as fragments of another—cannot be explained to anyone's satisfaction.

The mysterious arcs, each four to seven times longer than the diameter of the Milky Way, curve around clusters of gal-

jets of matter emitted from the core of one of the galaxies—is even more farfetched.

Less spectacular, perhaps, was the discovery of a galaxy in the act of being born, a celestial infant long sought by astronomers. The one they finally found, called 3C 326.1, is exceedingly faint; it has been known for about 30 years, but only as an unseen source of radio waves.

The invisible object piqued the interest of Berkeley Astronomer Hyron Spinrad, known for his studies of very dim, faraway galaxies and quasars. Last spring Spinrad and his team first pin-



Luminous arc curves around galaxy cluster

axes that lie some 3 billion light-years* from earth. Astronomers Vahe Petrosian of Stanford University and Roger Lynds of Arizona's Kitt Peak National Observatory, who discovered the arcs, believe each consists of some 100 billion stars but cannot explain the shape. "What gives us a headache," says Petrosian, "is that they are so, so perfect."

Some scientists suggest that each arc might have been formed as a result of a huge explosion within a nearby galaxy. Expanding shock waves from this blast would have compressed surrounding gases, clumping molecules together and setting off the process by which stars form. But that process should produce bubbles—that is, voids surrounded by a spherical "skin" of stars. These arcs are virtually two-dimensional strands of stars. Besides, astronomers have not detected enough gas in the area to have formed structures as large as the arcs.

Another possibility is that the arcs were once galaxies but were somehow stretched out of shape by the gravitational pull of other galaxies. Yet gravity strong enough to distort a galaxy would be unlikely to leave behind anything as well organized as the observed arcs. A third explanation—that the arcs condensed from

pointed 3C 326.1's position with New Mexico's Very Large Array radio telescopes; then they aimed powerful optical telescopes at the spot and discovered a glowing object about 12 billion light-years from earth. Later analysis of light from 3C 326.1 revealed that it was a newborn galaxy, three times longer than the diameter of the Milky Way. At the time the light viewed by Spinrad left 3C 326.1, which was 12 billion years ago, the new galaxy was forming sun-size stars at the rate of about 3,000 to 5,000 a year. But it still consisted largely of ionized hydrogen gas that would eventually condense into billions of additional stars. It was a late bloomer, Spinrad says, because astronomers think most galaxies formed 14 billion years ago.

Closest to home—in the Milky Way itself—Cornell and Caltech astronomers have found what may be the early stages in the formation of a new solar system, showing for the first time that a dust disk surrounding a sun-size star orbits the star in an orderly fashion. Such disks, initially found in the early 1980s, have been touted as the precursors of planetary systems; this discovery makes the claim a notch less speculative and suggests that stars with planets may be quite common. —By Michael D. Lemonick.

Reported by Charles Pelton/San Francisco

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Education

Better Grades for Bill Bennett

The feisty Secretary is converting some of his critics

In his freshman year in office—at least the way his critics saw it—Secretary of Education William Bennett misbehaved like a classroom bully. He brashly backhanded many university students as beach bums who loafed on Government loans, blasted what he called the “failed path” of bilingual education, charged that rising college tuitions and cafeteria-style curriculums were a rip-off and assailed fat in congressional education budgets. Except for hearty support from President Reagan, whom Bennett strove mightily to please, most reaction from lawmakers and educators ranged from bemusement to cold rage. California Democrat Augustus Hawkins, chairman of the House Committee on Education and Labor, summed up the early opinion: “I would give him failing grades.”

As Bennett winds up his second year in the job, some of his erstwhile critics have begun to revise his grades upward. Says Anthony Podesta, president of the Washington-based liberal lobby People for the American Way: “He used to be

more a seeker of headlines than educational excellence. Now he is increasingly more responsible.” Bennett may be ineffectual in getting legislation passed; indeed, both Congress and academe fault him for abandoning the traditional role of ombudsman on Capitol Hill for educational programs and funding. However most observers agree that he has been a resounding success at stirring up national discussion on basic educational issues.

In so doing, the contentious Secretary has not only defined his own conception of his role but changed the nature of the job he occupies. “No longer will people be satisfied with a spokesman for the education lobby as Secretary,” says Terry Hartle, an education expert at the American Enterprise Institute. “They will look for someone who can candidly open up the issues for debate.” The Secretary agrees. He relishes the “bully pulpit” he has made of his office. “No one,” he adds proudly, “has advanced more ideas, more state of the art, more assessment of public education per dollar. It’s been ideas, ideas, ideas.”

The record bears him out. Within the past year Bennett has:

- ▶ Created a “Schools Without Drugs” program that, he claims, “hundreds of schools are putting into practice.” He also called on college presidents to show a “little courage” by kicking drugs off campus.
- ▶ Released studies titled *First Lessons* and *What Works*, advocating back-to-basics principles for elementary schools. Says Bennett: “The Chicago school board has adopted a homework policy based on *What Works*.”
- ▶ Recommended dramatic expansion of experimental income-contingency loans that allow students to repay debts at rates linked to their income.
- ▶ Challenged college presidents to exercise more “moral authority,” e.g., by insisting that athletes take real courses and graduate legitimately, with coaches’ jobs otherwise at stake.
- ▶ Called for more attention to values in the curriculum, with a place for religion in course content. “We have absolutely won the debate on religion,” he exults, noting that when he first asserted that textbooks were neglecting religion, “people said, Omygosh—Ayatullah!” Now, says Bennett, both liberals and conservatives agree with him.

Rent.



Clearly his proposals have touched responsive chords in Americans of the 1980s, including some members of what Bennett sees as the education establishment. Bill Honig, California's superintendent of public instruction, observes, "He's saying the right thing and saying it strongly enough so people are paying attention." And, Honig adds, "he really has mellowed this past year." Congress has begun to mellow back. "Bennett got off to a bumpy start with me," says Vermont Republican Robert Stafford, ranking Republican on the Senate Subcommittee on Education, Arts and Humanities. "But he's corrected that."

"I haven't changed," insists Bennett. "People have gotten used to me." If so, people may have to become even more used to him. Insiders whisper that he is pondering a run for higher office; he has been mentioned as a possible vice-presidential candidate. The Secretary brushes off such rumors, saying that what he would really like to be is a tight end for the Chicago Bears. "If a feeler comes from them, I'm gone," jokes Bennett, a burly 220-pounder who played tackle at Williams College. But he concedes a joy in the



Bennett: modulated style, with an accent on the positive

rough-and-tumble of politics: "Do I like it? I say yeah!"

Of late he has been jetting around the country like a man running for something. "I've been to 60 schools," he says, "visiting five to six classrooms a day, plus a speech at the Rotary Club and jogging." This week will bring more of the same, with speeches in New York City on disadvantaged children, Atlanta in observance of the Rev. Martin Luther King Jr.'s birthday, San Antonio on bilingual education, then Los Angeles to boost art education.

Howls are still resounding on Capitol Hill over his announcement last week of the 1988 education budget. Bennett, a

doctrinaire Reaganaut when it comes to reducing the Federal Government's role in education, proposed slashing \$5.5 billion from this year's appropriation of \$19.5 billion. Such notions usually get short shrift in Congress. Robert Atwell, president of the American Council on Education, brands the new proposed cuts "indecent." And Congressman Hawkins says of other parts of the new budget, "It's nuts."

Reflecting on the Secretary's overall performance, Illinois Democrat Paul Simon of the Senate's Education, Arts and Humanities Subcommittee gives him a C-minus for his sophomore year. Notes an unimpressed Mary Futrell, president of the National Education Association: "He seems more interested in sparring with us than in sitting down and solving problems." But Old Footballer Bennett appears to disdain report cards from anyone but the Gipper himself. "I have a lot of ideas for 1987," he told Reagan when the President called him on Christmas Eve. "We have the ball and we are going to run with it." Responded the boss: "I know you will."

—By Ezra Bowen.
Reported by Patricia Delaney/Washington, with other bureaus

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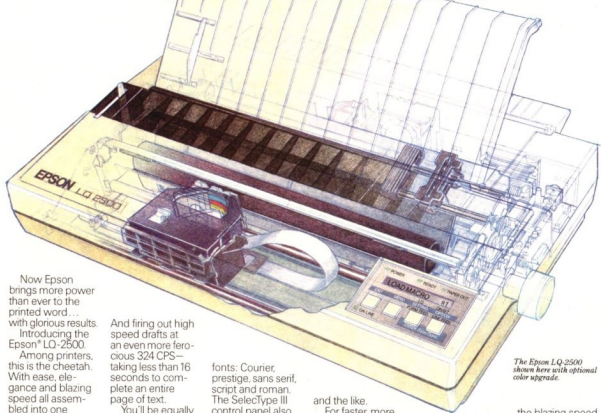


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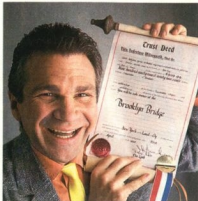
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P R I N T E R S

People

"Buy a car and I'll throw in the Brooklyn Bridge free," vows **David Leisure**, whose success at turning bull into bucks for Isuzu autos has really put him in the driver's seat. Last June the once struggling Los Angeles actor landed the plum role of Joe Isuzu, the oily-voiced, promise-'em-any-thing spokesman in the car company's popular liar commercials. The rest is history. Well, that's a lie, but Isuzu's sales have gone up. And Leisure, 36, has signed a contract with NBC that could lead—honest, folks—to a series for him. Meanwhile, the mythomaniac is doing a special routine, which CBS will broadcast, for the Super Bowl. What else does the flaky car flack plan? "I'm going to run for President. I have all the



Bogus bonanza: Leisure with dummy deed

brothers, **Prince Edward** would do a stint in the armed forces. That assumption was abruptly shattered last week when the news broke that **Queen Elizabeth's** youngest son wanted to quit the Royal Marines after only four months of full-time service. The story, published in London's tabloid *Sun*, claimed that Edward, 22, had found his commando training too tough. A furious **Prince Philip** reportedly railed at his son about blotting the family escutcheon. Edward was said to have wept for three hours after making his decision, which prompted worldwide headlines like **PRINCE OF WAITS**. The Buckingham Palace press office confirmed that the prince was "considering his future." Edward is now at the marine base at Lympstone in Devon, where he will begin the "counseling process" that all recruits must undergo before being allowed to resign a commission.

Their remake of the 1977 Aerosmith song *Walk This Way* took a heavy-metal classic and recast it into one of the hottest, freshest rap songs ever. Since that is their only known connection to the classics, could that be why **Run-D.M.C.** was asked to headline a plug for classic literature? Nah. More likely, the editors of *Connections*, a poster-style publication that appears bi-weekly in 1,500 high schools, figured the kids would actually look at something about Run-D.M.C. The illustrations show the New York City-based trio—**Joe Simmons**, **Jason Mizell** and **Darryl McDaniels**—

mugging as the Three Musketeers and holding a skull for a blurb on Shakespeare that likens Hamlet to Dirty Harry. McDaniels sees nothing wrong with Run-D.M.C.'s unorthodox approach to the literary masters. "The rap is very educational," says the singer. "It's like poetry." And vice versa, right? Take it, Bard: Yo, love goes toward love, my man, like schoolboys from their books; but love from love, uh huh, toward school with heavy looks.

For someone as imposingly statuesque as **Brigitte Nielsen**, 23 and 6 ft., only the most pumped up of leading men would seem capable of lighting her fire on-screen. The Danish model-actress was Red Sonja opposite **Arnold Schwarzenegger**, and twice she appeared with her husband **Sylvester Stallone**, in *Cobra* and *Rocky IV*. So who is next? How about a guy whose muscle is spectacular only at the box office, **Ace Detective Axel Foley**, a.k.a. **Eddie Murphy**. In the eagerly awaited sequel to *Beverly Hills Cop*, Nielsen plays one of several baddies who tackle Axel. Explains Nielsen: "My character is very sophisticated and very '87." Which for this bombshell means carrying and using a small arsenal of weapons, including shotguns, .38-cal.



Nielsen: dressed to kill

handguns and smoke grenades. Nielsen, who says she learned all her weapons training on the set and not at home, denies that her part in *Cop II* is a Rambo-lina in camouflage. "Rambo movies are live-or-die movies," she says. "This is a totally different type of action film." Does she mean that someone actually smiles? —By Guy D. Garcia



Edward: Heartbreak ridge?

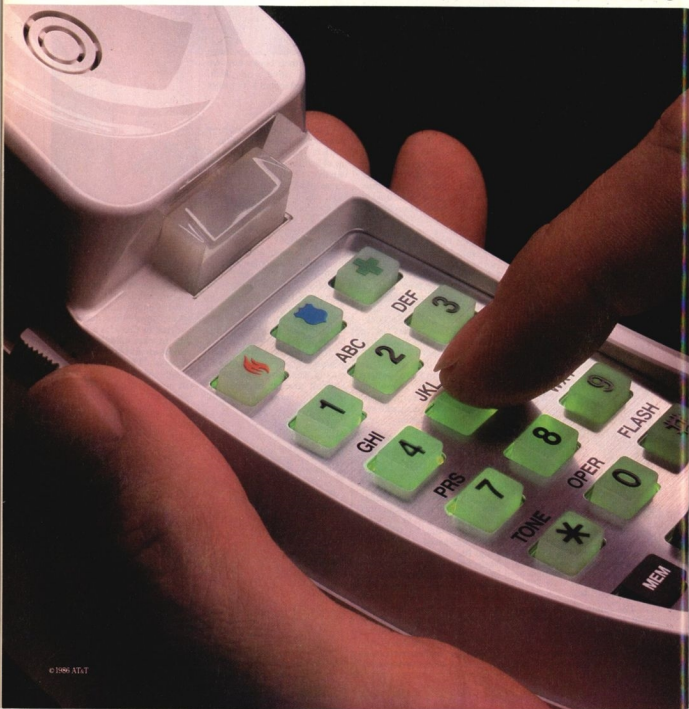
qualifications. I'm on TV. I'm an actor. And I'm a liar." Next thing you know, he'll be claiming that he cuts down cherry trees.

The family tradition goes back to his grandfather and great-grandfather, **George VI** and **V**, both naval officers. Thus it was taken for granted that like his father and two

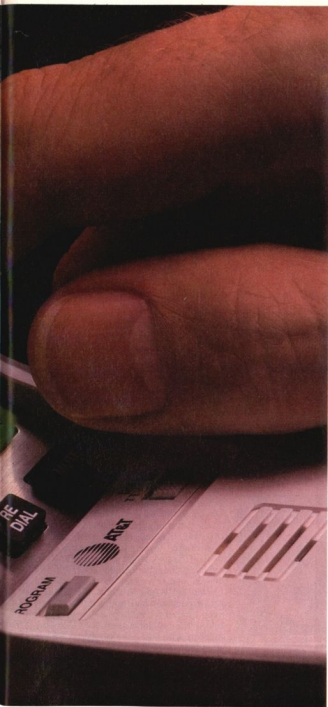


Beat poets: Run-D.M.C. tuning up for a classic lesson in hip lit

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Believers and collectors find new uses for crystals

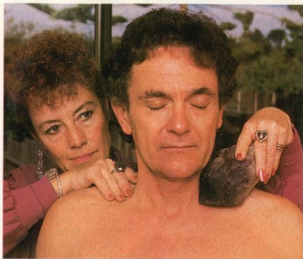
Manhattan Businessman Richard Perl, 29, has a morning ritual. After dressing, he drops a small crystal into his pocket to enhance his concentration and aid him in contract negotiations during his workday. Andrea Cagan, 38, a Los Angeles physical therapist, follows an evening routine: she slips a sliver of rose quartz under her pillow to help her sleep peacefully.

Perl and Cagan are among the growing number of Americans, many of them under 40, who are tuning in to "crystal consciousness," the pseudoscientific belief that such natural gemstones as quartz crystal, citrine, tourmaline and amethyst have paranormal healing and restorative powers. The crystal craze is part of a loosely linked spiritualism gaining ground on both coasts. Called "New Age" thinking, it is an esoteric blend of computer-age jargon and ancient religious practice, which often invested stones with powerful magic. Some other curious elements of the New Age faith include reincarnation, channeling (communicating with souls in their afterlife) and psychic predictions. For not-so-New Agers, these prayer rocks are a way to update their Pet Rocks. To the skeptical, the burgeoning fad may give new meaning to the word stoned.

Age-old rite and techno-trend vocabulary meet in "programming," or getting the most out of your talisman. One West Coast formula for doing so goes this way: first, "clear" the stone by washing it in ocean water (in a pinch, salt water will do). Then leave it outside for at least 24 hours so that rays of the sun and moon may penetrate it. A quicker, high-tech method is to pass an audiocassette eraser over each side of the crystal for half a minute. To program, after the crystal has been cleared, hold it in both hands and blow on it while making a wish. For good health, for instance, one might say, "I want this energy to aid my immune system."

Programming is so important that a New Age breed of crystal therapists has sprung up to teach the uninitiated how to harness their rock power. Brett Bravo, 54, who was raised a strict Methodist in Texas, left organized religion in 1975 to follow her "evolutionary spiritual path" to Solana Beach, Calif., where she conducts weekly seminars on how to program crystals. In a \$45 one-day session, partici-

pants learn to cure ailments, erase negativity and recharge energy stores. "The way the stones heal," claims Bravo, "is by man's electrical field combining with the crystal's electromagnetic field. This affects the cells of the body." She also provides a 28-day ritual of positive thinking



Bravo treats bronchitis with an amethyst crystal

with each crystal. "With topaz," she instructs, "you hold the stone over the solar plexus for two minutes and repeat, 'This blue topaz is vibrating to calm my nervous system.'"

East Coast devotees of New Age thinking tend to favor faster-acting applications. Douglas Hardy, former manager of Star Magic, a space-age gift shop in Manhattan, suggests drinking gem and tonic—literally, water "on the rocks"—to get a "crystal hit." The crystal, it seems, sends its vibes through the water, which then charges up the person drinking it. Even more practical advocates suggest placing a cluster of "charged" crystals in-



Crystals in close-up

Help for the gas and electric bills?

side a refrigerator to accelerate cooling and thus reduce the electric bill or—better yet—attaching a 3-in. crystal to an auto carburetor to save on gas mileage.

Spiritual healers favor quartz because they think its particular structure coaxes the body into harmonious alignment. In fact, electronics engineers like quartz as well: its ultraprecise vibrations in response to an electric current make it ideal as a tuning device in watches, telephones and radios. From this, New Age believers conclude, rather imaginatively, that by rubbing the stone, thoughts and emotions are amplified.

Meanwhile, whatever their spiritual properties may be, the worldly worth of gemstones is soaring. For Star Magic, sales have tripled in the past four years, with two new branches opening in Manhattan. Nationwide, prices can run from \$2 for a tiny slice to \$150,000 for museum-quality crystals.

New Age converts account for only part of the boom in stones. High-grade specimens have caught the eye of interior designers seeking trendy home "accents." Dramatic chunks of crystal, worth as much as \$10,000 or more, might serve as supports for glass coffee tables. Some collectors are promoting giant amethyst geodes, with appropriately dramatic spotlight-

ing, as works of art. Actress Jill Ireland, wife of Charles Bronson, describes her extensive use of crystals in her bout with breast cancer in a book called *Life Wish* (Little, Brown: \$17.95), to be published in two weeks. Herb Alpert of Tijuana Brass fame explains why he bought a 750-lb. slab of quartz at Crystal Resources, a fossil and mineral shop on Manhattan's pricey East Side: "When I walked into the shop, I could not take my eyes off of it. It makes me feel good to be around it. Since it's from Him, you can't not like it."

Although Howard Stein, chairman of the Dreyfus Corp., does not believe in the mystical properties of crystal, he keeps a 3-ft. amethyst geode in his Manhattan office and has a use for it. "Just think about what goes on within a rock," he muses. "You can relax for ten or 15 minutes that way. It takes your mind off the daily pressure." And Alan Talansky, president of First Atlantic Investment Corp., explains the therapeutic effect of the 600-lb. quartz crystal in the corner of his office: "When I'm in a big hassle, I turn around and look at this thing that has been around for millions of years, and it makes the problems seem less." May the force be with you. —By Martha Smilgits.

Reported by Mary Jane Horton/Los Angeles and Susan Kinsley/New York



Why new MEDIPREN[®] ibuprofen is a better choice than aspirin for body aches and pains.

Everybody experiences body aches and pains. They run the gamut from low back pain to aching muscles. From the acute pain of a sprained ankle to the minor pain of arthritis. And they include menstrual cramps, which can recur like clockwork.

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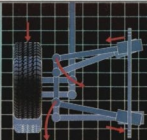
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mazda

Cinema



The British governess (Julie Christie) with her two young Argentine charges

A Little Sex, a Little Death

Cops and fops, passion and repression in four foreign films

MISS MARY

1938: Mary Mulligan (Julie Christie), an English governess, comes to Buenos Aires to care for two young girls. Her job is to teach them to be ladies, not women, in a landowner's household where grand-mama sorts her old photos into two piles: "alive" and "dead." The family may as well be dead. They disdain their own culture and borrow Britain's; they ignore the dust clouds of rebellion kicked up by Juan Perón's followers. The mood is languorous, but the snake of sensuality curls under the loose garments of the ruling class. When Miss Mary, out of pity and passion, takes the girls' handsome older brother to bed, the family must dismiss her, as Argentina under Perón will soon purge itself of the British influence.

What is Julie Christie doing in this Argentine snooze, when she ought to be igniting bigger, better movies? It is, we guess, an act of both faith and good works for this star with a restless conscience. Some social spirits visit Nicaragua or link hands across America; Christie lends her wattage to a chancy project with a woman director. In the process she gives acting lessons to a diligent but amateur Argentine theatrical troupe. At 45, Christie can appear worn, her face sculpted in suffering, yet on her it looks beautiful. And she is still the consummate actress. In her fastidious steps and erect carriage, in the gentle edge of her schoolmistress voice, she embodies all the poise and repression of the imperial Englishwoman abroad.

Christie's fine shoulders can carry every burden but this picture. Even she is crushed by its lumbering platitudes, its obvious ironies, its pacing mired in quick-

sand. Maria Luisa Bemberg (who directed a fiery Oscar nominee, the 1984 *Camila*) never secures her characters in the larger landscape. The Peronistas stay offscreen, darn the luck, while the upper-crusters sit idly by, aspiring to Coward's wit and Chekhov's melancholy. Ennui finally devours them all, long after it has consumed the viewer.

—By Richard Corliss

THE DECLINE OF THE AMERICAN EMPIRE

Everything you have always known about sex but have never heard coming at you from the screen. And perhaps never wanted to either. Such are the ambiguous

pleasures of *The Decline of the American Empire*.

At home, the boys are preparing an elaborate dinner, all the while chopping, mincing and braising the opposite sex as they recount their lubricious adventures. Down at the gym, the girls are working themselves into a lather on the same subject. Writer-Director Denys Arcand has worked out an amusing role reversal to enliven his intensely talkative movie about middle-aged French Canadian academics. And his actors are willing to bare their less than perfect bodies along with their less than perfect souls, thus lending credibility to their reports from the front lines of the war between the sexes.

Age has lent a certain desperation to their skirmishes. Diane (Louise Portal) has lately discovered the dubious pleasures of masochism. Louise (Dorothee Berryman) is devastated to discover that her husband has been to bed with one of the three other women who eventually gather for dinner. Dominique (Dominique Michel) is a theorist who has recently published a book that correlates the rise of sexual activity and of feminism with the decline of a society's imperial pretensions. Proving her point, she ends up taking the party's youngest, wimpiest male to bed. The older men's confusions are less sharply defined and less easily resolved. Two of them even confess a certain envy for the good looks and free-cruising life of the group's token homosexual.

But this is a movie in which words—here cascades of French—speak louder than actions, and the question is whether this relentlessly articulate crowd of theorists is worth listening to. The answer, alas, is both yes and no. Indeed, there is bitter, humorous truth in many of the anecdotes—and in all the performances. But many of the stories turn out to be highly predictable. And much of the theory the



Dominique Michel, Dorothee Berryman, Louise Portal and Genevieve Rioux get steamy

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Las Vegas

Cinema

group derives from its encounters strikes one as tosh, a way of distancing experience rather than processing it. One would like to think Arcand is ironist enough to have intended this effect, but his film offers other evidence. He seems to think of himself less as a north woods Arthur Schnitzler than as Ingmar Bergman in one of his more sentimental moods. —By Richard Schickel

POLICE

Gérard Depardieu is the Stanley Kowalski of French actors. While his colleagues mince and mewl their way through roles, declaiming erudite ideals in coffee-shop whispers, Depardieu ram-pages like a bull just liberated from the picador's lance. Ever since *Going Places* in 1974, Depardieu has embodied the spirit of anarchy—physical, political, sexual, intellectual—for a country that likes to think it bottled the stuff. In *The Last Woman* (1976) he played a goatish guy who capriciously castrates himself; in the current *Ménage* he is a thief with the soul of a schoolgirl, falling in lust with the mousy husband of the woman he has just taken to bed. Depardieu is the irresistible force of primal man meeting the immovable object of Gallic sangfroid. Because he is also a restless, fearless actor, the collision usually makes for exciting cinema.

And when Depardieu plays a lawman—here, for example, as a detective worming into the Paris underworld in search of a Tunisian drug syndicate—he will surely expose the man's emotional complicity in the evil he is meant to uproot. A widower with no known social life, Detective Mangin pours all of his intensity into his work. Every interrogation is an assault, every stakeout a seduction. The women in the case are objects of awe and scorn for him, especially Noria (Sophie Marceau), a moll who can beat Mangin at his games because she spots his lurking vulnerability, and Lydie (Sandrine Bonnaire), a young whore who can amaze him with her prodigious cynicism. The brutal detective still has a child's capacity for innocent pain; it can come close to breaking him even as he breaks the case.

Director Maurice Pialat (*Loulou*, *A Nos Amours*) and Screenwriter Catherine Breillat know that police work is more talk than action, and they allow the third-degree sessions to wear down the viewer as well the suspect. The cumulative effect, though, is bracing. *Police* is a stark vision of a forlorn specialist, doomed to be brilliant at his job. Depardieu is too. —R.C.

BETTY BLUE

She is neurotically generous. She is neurotically needy. We all know about people like Betty Blue: in movies, though not necessarily in life, they come to a bad end. Indeed, much of the suspense in this high-fevered melodrama revolves around whether that end will arrive sooner or later, and just how painful it will be.

Yet one ends up caring about Betty, because Writer-Director Jean-Jacques

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STARION ESI-R

Beineix, keeps coiling the story of her last months tighter and tighter until the tension is unbearable. Also, Béatrice Dalle as Betty and Jean-Hugues Anglade as Zorg, her bewitched and befuddled lover, bring mesmerizing intensity to their work.

The movie begins under false, bright colors at a beach colony where Zorg is the caretaker, and glad enough to have an attractive girl come into his life. The sex here is very naked and bluntly erotic—a few minutes of careless sex unmediated by commitment or guilt. For a while the movie seems like another study of love along what is left of the hippie margin. But no, it moves toward ever darker, more claustrophobic interiors as Betty realizes that the lackadaisical Zorg cannot absorb all of her energies. She discovers that he once wrote, and abandoned, a novel. She will type out the manuscript and get the masterpiece off to the publishers. When the rejections pile up, she focuses her hopes on motherhood. When her pregnancy proves to be false, the only place to turn is inward, toward self-destruction. It is a fine irony that Zorg achieves a passion to answer hers only when he must help her complete her botched suicide.

In 1982 Beineix attracted 15 minutes of overattention with his empty stylish *Diva*. A year later he stubbed his ego on the contumely of critics when his next film, *The Moon in the Gutter*, was hooted out of the Cannes Film Festival. Both films were arias of adolescent male obsession with the fatal mystery of womanhood, a theme that *Betty Blue* investigates more maturely, more dangerously. There is doubtless a feminist parable to be found here, and criticism to be made of its too schematic structure. But the film is full of quirky incident and compassionate humor. What might have repelled ultimately compels.

—R.S.



Béatrice Dalle as the headstrong Betty

Passion turning toward self-destruction.

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Religion

Israel's New Conversion Crisis

Questions about Jewish identity are raised by a U.S. emigrant's case

One of the most troublesome issues facing Israel since its founding in 1948 has been the definition of Jewish identity. Divisive cases have forced the Cabinet, the courts and the Knesset to grapple with the question: Who is a Jew? The latest phase of the dispute, involving the legitimacy of an American woman's conversion to Judaism, led last week to the resignation of Interior Minister Yitzhak Peretz

dergo an Orthodox conversion. She refused and filed suit.

Fearing a court ruling in Miller's favor, Peretz came up with a compromise: he would approve citizenship but mark her identity card JEWISH (CONVERT). That upset not only Miller, who said it would make her a second-class Jew, but also former Chief Rabbi Shlomo Goren. He said that reminding a convert of the past was a "reprehensible" violation of religious law. Last month Israel's Supreme Court tossed out Peretz's proposal and ordered that Miller be registered as a Jew.

Rather than carry out the court's order, Peretz resigned. On a radio show he then charged that Reform Jews were "leading the nation of Israel to destruction." Responded Rabbi Alexander Schindler, the North American Reform leader: "I reject his comments as a perversion of the truth. He is an extremist who wears blinders." Said another Reform spokesman, Richard Hirsch: "If Israel is the spiritual home of all Jews, we must be made to feel at home in Israel."

Israel's Law of Return, last revised in 1970, grants automatic citizenship to any immigrant who is "born of a Jewish mother or who has converted." Orthodox politicians, distressed at the Miller ruling, are insisting on an amendment that the Knesset has repeatedly rejected. It would require conversion "according to *halakha*" (religious law) as interpreted by Orthodoxy. The Orthodox claim that, otherwise, rabbinical courts, which supervise marriages, will need to maintain two lists of Israelis: those qualified to wed under religious law and those who cannot because of questionable conversions.

The leading figure of the National Religious Party, the political vehicle of moderate Orthodox Judaism, favors a proposal that the Reform, Orthodox and Conservative branches in North America help solve Israel's conversion problem by forming a joint rabbinical court. One condition: Reform would have to repeal its 1983 innovation, which recognizes as Jews children of gentle mothers.

Says Miller, who has returned to Colorado for a short time: "When I decided to join the Jewish people, I thought innocently that I was making a strictly personal commitment. But to my disappointment, I found myself at the center of an acute public controversy. I have undergone bitter experiences that are not easy to forget." —By Richard N. Ostling, Reported by Marlin Levin/Jerusalem



Shoshana Miller: the Supreme Court said yes
Orthodox demands that the law be changed.

from the Cabinet and threats from the country's religious parties to quit the coalition government of Prime Minister Yitzhak Shamir.

At the center of the controversy is Susan Miller, 43, a onetime Southern Baptist and civilian employee of the Colorado Springs, Colo., police. In 1982 she embraced Reform Judaism, adopting the Hebrew first name Shoshana. When Miller moved to Israel in 1985, the Interior Ministry questioned the validity of her conversion because it had been supervised by a Reform rabbi. Thus, said the government, Miller was not eligible for the automatic citizenship granted Jews under Israel's Law of Return.

Although only about 15% of Israelis are religiously observant, the state basically follows Orthodox precepts in such matters as marriages and conversions. They insist that a convert's training be supervised by an Orthodox teacher. Accordingly, Interior Minister Peretz told Miller to un-



Peretz resigning

Theater

A Soviet Exile's Blazing Debut

Yuri Lyubimov stages *Crime and Punishment* in Washington

Four years ago Soviet Director Yuri Lyubimov opened an adaptation of Dostoyevsky's *Crime and Punishment* in London. Authorities in Moscow paid less attention to the rave reviews than to a London *Times* interview in which Lyubimov castigated Soviet censors for persistent interference with his work back home. Of 40 shows he had mounted, seven had been banned and many others had been rewritten or restaged. Said Lyubimov: "I am 65 years old, and I simply don't have the time to wait until these government officials finally arrive at an understanding of a culture that will be worthy of my native land."

Soon after, Lyubimov was warned that, like Dostoyevsky's antihero Raskolnikov, he was guilty of a "crime" and "punishment" would follow. Sure enough, he was stripped of his job at the Taganka Theater, which he had run for two decades, then his Communist Party membership, his Moscow apartment and finally, in absentia, his citizenship. After years of agitating for permission to work in the West, Lyubimov had cruelly been granted his wish. Since then he has staged plays and operas throughout Europe and in Israel, ranging from a *Rigoletto* in Florence, in which the heroine sang an aria while wafting through the air on a swing, to an expressionistic version of Pushkin's *Little Tragedies* in both Stockholm and Bologna. But his career, however thriving, involves painful artistic detachment, akin to a nuclear scientist's working through a glove box.

Last week Lyubimov, 69, made his U.S. debut at Washington's Arena Stage with a revised *Crime and Punishment* in English, a language he does not read or speak. To make the stage action conform to the vision in his head—the standard by which Lyubimov, an autocrat and something of an auteurist and something of an autocrat, judges success—he discussed the aims of the piece in Russian with Michael Henry Heim, an associate professor of Slavic languages and literatures at the University of California, Los Angeles, who wrote the English dialogue. Lyubimov then guided the actors through Interpreter Alexander Gelman, who is trained as a director. The process unnerved some of Arena's troupe, but the result confirms Lyubimov's reputation as one of the



Mell, as Raskolnikov, in an encounter with Fuglei, as Sonya
Invoking Christian hope, warning of moral arithmetic.

world's great directors. *Crime and Punishment* is a startling visual essay, a whirl with energy, ablaze with ideas, at once a devout invocation of Christian hope and a fervid warning against the moral "arithmetic" by which statesmen, as much as felons, balance evil deeds against happy consequences.

The show begins before the actors appear: all spectators are directed into the theater past the lip of the stage, where they witness the scene of the crime: two effigies of corpses lie sprawled in rags. Above them is a bloodstained mirror in which each onlooker may see his own face. The notion at first seems precious. But at the end, during a redemptive candle-lighting ceremony, Lyubimov brings those battered bodies back to life in the person of actors, only to have their candles, and existences, snuffed out again by another character who echoes the murderer Raskolnikov's belief in arithmetic.

Like many adaptations of classic nov-

els, Lyubimov's is less a retelling of the story than a musing on its themes, best understood by people who know its plot well. Raskolnikov (Randle Mell) harps on the quasi-Nietzschean idea that conquerors absolve themselves of sin by the very act of conquest. He repeatedly urges himself to be a Napoleon—which, Lyubimov acknowledges, Soviet audiences often took to mean a Stalin. These philosophical monologues, however, are kept brief. Lyubimov relies heavily on ritual and brief blackout skits that verge on surreal slapstick; he creates a milieu more than he mounts a debate. Like a cinematic montage, the story jumps from Raskolnikov to his family, his destitute neighbors, a deranged friend caught in a suicidal religious ecstasy and, occasionally, the inquisitor who seeks to extract Raskolnikov's confession. This structure is meant to evoke Raskolnikov's disconnection: only with a dead friend's daughter Sonya (Kate Fuglei) does he show tenderness.

The set is a black box, bare except for a suggestion of a tenement apartment in one corner. The most conspicuous element is a red-spattered door through which someone always seems to be bursting. Among many harsh white lights that glare down on the action, the most striking is a long thin strip at the back wall that hints of someone peering in from behind. This *Crime and Punishment* is equally about the social injustices of the old Russia and the arrogance of the new Soviet state, and finds a continuity between them in their lack of Christian charity and love. (Lyubimov, a lifelong believer, wore rosary beads under his clothes in the Soviet Union. Now he carries them openly and touches them often.)

Lyubimov was inspired to stage his original Moscow version, he says, by reading the essays of schoolchildren, an extract from one of which provides the coda to the show: "So, Raskolnikov was right to murder the old woman. Too bad he got caught." In Lyubimov's view, the child was echoing the amoral views of a teacher and, in turn, the state. An attentive father who travels everywhere accompanied by his second wife Katya, a Hungarian, and son Piotr, 7, Lyubimov will next mount an adaptation of Bulgakov's *The Master and Margarita* at the American Repertory Theater at Harvard in May and Berg's *Lulu* at the Lyric Opera of Chicago in November, followed by a string of European dates. He describes himself unhappily as "homeless" but says he would like to educate his son in the U.S.: "Here, schoolchildren would give a great diversity of answers in their essays about *Crime and Punishment*. There is more thinking for oneself."

—By William A. Henry III



Director Lyubimov

Double Profile

SWEET SUE

by A.R. Gurney Jr.

The curtain goes up to reveal Mary Tyler Moore sketching a naked young man. She plays a woman not unlike herself, a greeting-card artist seeking to outgrow a Goody Two-Shoes image in her work and life. The youth she is drawing—or maybe only imagines she is drawing—is her son's Dartmouth roommate. He is compact and dark. Or lanky and blond. Two actors, John K. Linton and Barry Tubb, have the role but do not alternate: they are often onstage at the same time, embodying different aspects of the character. For that matter, Moore is not alone either: much of the time, Lynn Redgrave is alongside, sharing the character, occasionally compelling the youth to speak to both of them at once.

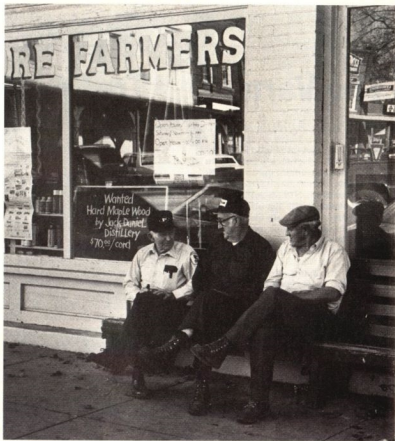
Is this quirky storytelling device meant to lend intellectual gloss to an apparently slight tale? Is Playwright A.R. Gurney Jr., whose works (*The Dining Room*, *The Perfect Party*) are often short on incident but long on sly allusion and will-o'-the-wisp charm, once again slipping away from consummation of a plot? Beneath the winsome comedy, Gurney is playing with the Whitmanesque notion that each man contains multitudes. When the two Sues contemplate a nude sketch of the boy—all that lingers from the maybe affair—what they term "very good" is not just his lithe body or their rendering but the feeling of being finally at peace within one's own mind, that house of many mansions. For an artist and perhaps for everyone, Gurney implies, building a relationship with oneself is at least as crucial—and as complex—as coming to terms with the world.

Director John Tillingier evokes fine performances: Moore has never been better. This is the play Gurney's fans have been waiting for him to write, funny and inventive but also bravely expansive in scope. Gurney once described his comic gift as "dancing in chains." In *Sweet Sue* he breaks free.

—W.A.H. III



Redgrave and Moore: a sharing experience



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Books

The Varnished Truths of Philip Roth

His challenging new novel plays make-believe with reality

Some 30 pages into Philip Roth's new novel, a character named Henry Zuckerman comes up with a decidedly odd idea. The setting is Henry's dental office in northern New Jersey; the atmosphere shimmers with the sexual tension generated for weeks now by the presence of Wendy, Dr. Zuckerman's new employee. "Look," he said, "let's pretend. You're the assistant and I'm the dentist." But I am the assistant," Wendy said. "I know," he replied, "and I'm the dentist—but pretend anyway." This fiction seems indistinguishable from the facts of the matter. But once the artifice begins, so does the fun.

Others can play make-believe, of course; Roth has argued for years that everyone does so all the time. So let's pretend. Philip, the younger son of Herman and Bess Roth, was born in Newark in 1933. He . . . he was born in Newark . . . grew up loving baseball and enjoying summer outings to the Jersey shore. He was a bright student, and after graduating from Weequahic High School in 1950, he spent a year at the Newark extension of Rutgers University. Then, wanting to see something of the world outside his hometown, he transferred to Bucknell in central Pennsylvania, where he acted in college drama productions; founded, wrote for and edited a literary magazine; and graduated magna cum laude with a B.A. in English.

Where next? Well, say he took an M.A. at the University of Chicago and decided to go on for the Ph.D. He met and married Margaret Martinson, the mother of two children by a previous marriage. When his first attempts at short stories were routinely rejected, Roth gave up his literary aspirations and buckled down to his academic career. He earned his doctorate and went on to teaching positions at the University of Iowa and Princeton. The Roths live in suburban Philadelphia, where he is a professor of English at the University of Pennsylvania. His critical books include *The Jewish American Novel: Is*

Enough Enough? and *Franz Kafka: The Sit-Down Comic*.

It could have happened that way. In fact, a lot of it did. But this refraction of reality is not nearly as interesting as it might be. To punch it up a bit, suppose that Roth's fiction was clamorously acclaimed; that his first published volume, *Goodbye, Columbus* (1959), won the National Book Award and made the author a name to be reckoned with at 27. Implausible, true, but more dramatic than the other version. And what about that happily-

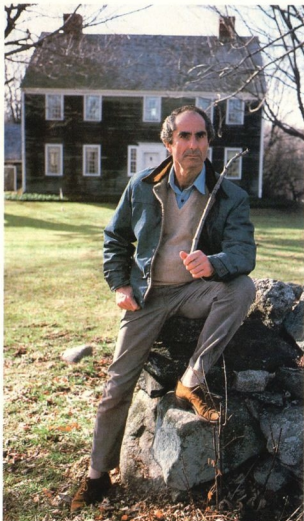
ever-after marriage? Maybe it lasted only a few years before plummeting into an acrimonious separation in 1963 that left Roth deep in debt, thanks to legal expenses, and sent him reeling into five years of psychoanalysis. Awful, but for the sake of the narrative not bad. Right about here a reversal of fortune would do nicely. So our hero wrote *Portnoy's Complaint* (1969), the novel that made him rich, famous and controversial. *Goodbye, Columbus* and *Portnoy* were snapped up by Hollywood. And then . . . and then Roth

fell in love with a movie star.

That last touch may strike some as overdoing it. But going too far has been a hallmark of Roth's fiction from the beginning. His early stories provoked some Jewish readers to condemn him for anti-Semitism; *Portnoy* gave him a reputation as a sex maniac. His three books about Nathan Zuckerman, *The Ghost Writer* (1979), *Zuckerman Unbound* (1981) and *The Anatomy Lesson* (1983), have led to charges that Roth is trapped in narcissistic reverie, writing about a writer who resembles himself. As if thumbing his nose at such comments, the author now offers *The Counterlife* (Farrar, Straus & Giroux; 324 pages; \$18.95). It features, naturally, Nathan Zuckerman.

There are other things in this novel that Roth's detractors will probably dislike. Nathan, a self-conscious fellow, does not allow the reader to forget that the words on the page are made up, inventions: "Being Zuckerman is one long performance and the very opposite of what is thought of as being oneself." So much for sincere, straight-from-the-shoulder storytelling. People who want to know what *really* happens in a work of fiction, a peculiar but widespread desire, are going to find themselves bewildered. Only one incontestable fact can be gleaned from the book: *The Counterlife* got written.

And written, it should be added, with Roth's customary verve, wit and intelligence. It hardly matters that the plot does not flow forward but



The author outside his farmhouse in Litchfield County, Conn.

"I write about what could have happened, not what did."

rather screeches to a number of halts, that each new beginning is a refutation of what has gone before. The individual scenes inspire absolute belief; Roth's art is such that he can make events seem not only plausible but inescapable even while announcing over and over again that none of them occurred.

The complications of *The Counterlife* ripple out from a central conceit. A man with a heart condition finds that the medication he must take renders him impotent. Hence Henry Zuckerman, 39, faces the bleak prospect of life without any more after-work office trysts with his alluring assistant. Similarly, Henry's famous older brother Nathan, 45, cannot marry an English-woman named Maria and create both the child and the settled life that, after three failed marriages, he now desperately wants. The only solution in both cases is bypass surgery. The Zuckerman brothers face the same difficult choice, but for diametrically opposed reasons. Henry, the responsible family man, has to decide whether to put his life on the line for a fling; Nathan, the notorious womanizer and hedonist with money to burn and an immaculate Manhattan apartment, must risk all for fatherhood.

Both brothers go under the knife and never emerge. Life is unfair, and fiction can be even worse. But what transpires in a novel need not be irreversible. So Henry may survive instead and go to Israel, where he joins a settlement on the West Bank and tries to find, or lose, himself in Jewish history. Nathan may come out of the operating room a new man, get married and move to England with his lovely and reassuringly pregnant wife. Other variations surface. Perhaps Nathan alone dies, and Henry, going through his late brother's effects, comes upon the manuscript of a book that has chapters with the same titles, in the same order, as *The Counterlife*. Henry reads about his alleged affair with Wendy and becomes enraged: "Of all the classics of irresponsible exaggeration, this was the filthiest, most recklessly irresponsible of all."

It is also possible that Nathan has dreamed up this scene, further slandering Henry by portraying his imaginary outrage at being lied about and exploited in the first place. If Nathan is indeed guilty of such cold, despotic manipulation, then Maria's sense of uneasiness in his presence makes perfect sense. Near the end, she informs Nathan, "I'm leaving you and I'm leaving the book."

Much will be made of the technical virtuosity of *The Counterlife*, with the result that readers who might love the novel may be driven away. No one but members of creative-writing programs or departments of literature should sit still for another recitation of postmodernism's bag of tricks. The text, you see, is the generator of life, not its transcript; the only real plot that stories convey is the process of their



Richard Benjamin and Karen Black in filmed *Portnoy*

telling. Or, as Nathan writes in a letter to Henry, "We are all the invention of each other, everybody a conjuration conjuring up everyone else. We are all each other's authors." Or, as Maria observes, "I know characters rebelling against their author has been done before."

Indeed it has. But Roth manages to draw blood from stony precepts. His novel is an elaborate verbal gesture; it is also an impassioned portrayal of the moral choices open to living, breathing men and women, a mirror of a familiar world rendered mysterious and magical. *The Counterlife* is a metaphysical thriller; the quar-

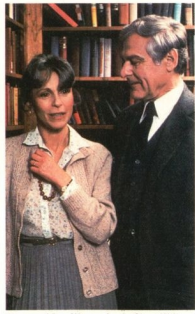
ry is nothing less than the elusive nature of truth.

The three years Roth spent writing *The Counterlife* have left him satisfied ("I gave it my all") and resigned to the prospect of being misunderstood once again. He expresses hope that Nathan's putative death in the novel will discourage people from reading his fiction as autobiography, but he is not optimistic. "I write about what *could* have happened," he says, "not what *did* happen. Why that's so hard to grasp I don't understand. I have once in a while started off just setting down some incident I'd actually gone through and I can hardly get past the first paragraph without veering off into something that *didn't* happen, which is always more interesting. I'm highly sensitive to boredom. I think it's an occupational requirement."

To the unpracticed eye, Roth's ordinary routine might seem the epitome of boredom. His favorite place to write is a gray colonial 1790 farmhouse set on roughly 40 acres of land in Connecticut's Litchfield County. He bought the place in 1972, in part to get away from the demands and notoriety that had hounded him after *Portnoy*. He got plenty of solitude for his money, sometimes, he acknowledges, a bit too much: "Night up here can come down like a heavy thing." Before that happens, Roth has usually put in a reclusive day. By 9:30 each morning he has walked some 50 yards from his house to a two-room cottage that serves as his study. He emerges around 1 for lunch and then disappears until 4:30 in the afternoon, when it is time for a swim in his pool or, if the weather has turned chilly, for a six-mile walk. He spends evenings listening to classical music and reading.

Roth's monastic schedule varies only a little when Actress Claire Bloom, 55, is in residence. The two have lived together since 1976 and occasionally worked together as well. His co-adaptation of *The Ghost Writer* appeared on PBS's American Playhouse in 1984, with Bloom playing a woman trapped in her writer-husband's hermetic life somewhere in New England. Roth and Bloom are hardly trapped; they now divide each year between Connecticut and her house in London. "We try not to be apart for more than a month at a time," says Roth. The author and the actress are, in some ways, an odd match; she needs people, other actors, crews, audiences for her work just as much as he requires isolation for his. So when Bloom is in rural Connecticut, her enforced idleness leads to a good deal of teasing banter. He: "There is no social life around here." She (to a visitor): "That's what he keeps telling me." He: "Nobody goes to parties. Hey, I got you a telephone, didn't I?"

Actually, he is not as curmudgeonly as this byplay suggests. In Connecticut, Roth



Bloom and Sam Wanamaker in *Ghost Writer*
Trapped in a companion's hermetic life.

and Bloom regularly see such neighboring friends as Arthur Miller, Richard Widmark and William Styron; in London, her turf, involves plenty of evenings with the theater and literary people, including Harold Pinter and Lady Antonia Fraser.

Another form of recreation for Roth is travel. In the early '70s, he left for Prague. An impression later arose that he went to Czechoslovakia out of guilt, a rich American attempting to atone for his success by visiting oppressed Soviet-bloc writers. "Guilt?" Roth asks. "I was out to have a good time." But he found Prague "overwhelming within an hour. I felt, as I did when I went to Jerusalem later, that this was a place I had to see again."

He made visits each spring and friends among Czech artists. This experience had literary consequences: *The*

passion was the Brooklyn Dodgers. "I went off to college, and then the Dodgers went off to L.A.," he says, shaking his head. Eventually, he transferred his allegiance to the New York Mets. Last summer he had a dish antenna installed atop an outbuilding on the Connecticut property so he could follow the fortunes of the Mets on the road.

He also had lunch with Keith Hernandez, the Mets' All Star first baseman. Describing this event, Roth seems star struck. "I asked him whether he read stories in the papers the next day about the game he'd played in the night before. You know what he said? 'Why should I? I know what happened.' I realized then why I don't have to read reviews of my books. I know what happened."

"If I ever wrote an autobiography," he



Roth to Bloom in Connecticut: "Hey, I got you a telephone, didn't I?"

Prague Orgy, a novella recounting Nathan Zuckerman's misadventures in that city, included as the coda for the trilogy published as *Zuckerman Bound* (1985); and Roth's editorship of a series, "Writers from the Other Europe," which has given Eastern European writers exposure in the West. Roth's access to Prague ended in the mid-'70s, when his visa was not renewed. He had been tailed and questioned there, as had those who associated with him. "After I left one time," he recalls, "the authorities went to one of my Czech friends and demanded to know what Roth was up to, what does he want here. My friend answered, 'Haven't you read his books? He comes for the girls.'"

The distraction from his work Roth most willingly tolerates is baseball. "My fandom," he says, without a trace of irony, "is the most interesting fact of my life." He talks eagerly about going to games as a boy and watching the old Newark Bears of the International League along with his older brother Sanford and his father, now a retired insurance-company executive. His boyhood

passion, "I'd call it *The Counterbook*." The prospect seems unlikely. Bare facts alone do not particularly interest Roth, nor does the unfettered imagination. His specialty is the varnished truth. Life offers problems for the writer to rephrase: "The radical restructuring of questions is what gives me my books. My gift is to pretend." The closest he has come to displaying himself directly in fiction is probably in a 1973 essay/story, "I Always Wanted You to Admire My Fasting"; or, *Looking at Kafka*. Prospective biographers may imagine this piece to be a trove of information, a crucial key to the Roth enigma. The narrator is called Roth by his friends, he has an older brother, the year is 1942, and the setting is Newark. The only jarring note among these corresponding details is that young Roth's Hebrew teacher happens to be Franz Kafka, somehow risen from his grave in Prague and an immigrant in America. When asked if this narrative is not autobiographical, save for that one outrageous detail, the author confesses at last. "I'll tell you the truth. Kafka was my Hebrew teacher. Only my name is not Roth."

—By Paul Gray

Milestones

ENGAGED. Fred Grandy, 38, freshman Republican Congressman from Iowa's Sixth District and former actor who portrayed Gopher Smith on the TV series *The Love Boat*; and Catherine Mann, reporter for *P.M. Magazine*; in Sioux City.

SUIT FILED. By Victoria Principal, 37, fitness queen and TV actress who plays *Dallas*' sugary Pam Ewing, against tart-tongued Talk-Show Host Joan Rivers, 53; after Rivers broadcast Principal's home telephone number; in Los Angeles. Principal, who said hundreds of callers hounded her before she changed her number, is seeking \$3 million in damages.

RECOVERING. Elton John, 39, flamboyant rock superstar; from exploratory throat surgery, which was performed after he collapsed onstage during a concert near the end of a 27-date tour; in Sydney, Australia. Doctors said a biopsy showed a nonmalignant lesion. John has canceled all his concerts for 1987.

RECOVERING. Vic Damone, 58, nightclub crooner; from an attack of kidney stones. Only two days before he fell ill. Damone married Actress Diahann Carroll, 51, *Dynasty*'s silky Dominique Deveraux, in an Atlantic City, N.J., ceremony.

RECOVERING. Victor Borge, 78, droll comedian-pianist; after surgery to repair a stomach artery; in New York City. Doctors said his condition was satisfactory.

DIED. David Maysles, 54, filmmaker who with his brother Albert helped develop the scriptless, narration-free style of documentary known as *cinéma vérité*; of a stroke; in New York City. Using lightweight cameras, the Maysles were able to record the daily routine of their subjects, including Pianist Vladimir Horowitz, the artist Christo and door-to-door Bible salesmen. The best known of their documentaries is *Gimme Shelter*, a film about the 1969 Rolling Stones tour of the U.S. that culminated in the stabbing death of a black youth by a Hell's Angel at a concert in Livermore, Calif.

DIED. John Bartlow Martin, 71, magazine writer, ambassador and presidential confidant; of emphysema and throat cancer; in Highland Park, Ill. A prolific author (*My Life in Crime, Overtaken by Events*) who turned out a million words a year at his peak, Martin worked as a speechwriter and adviser for Democrats Adlai E. Stevenson, John F. Kennedy and Hubert Humphrey.

DIED. George R. Marek, 84, record executive and biographer of Beethoven, Schubert, Puccini, Toscanini and Richard Strauss; of a stroke; in New York City. His aim in books and at RCA Victor was to popularize opera and concert music; toward that end, he released innovative recordings like *Classical Music for People Who Hate Classical Music*.

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Essay

What's in a Nickname?



Everyone knows that sports teams must have nicknames, but selecting an appropriate one is fraught with peril. Alabama, for instance, may be proud of the Crimson Tide, but it sounds like a bloodbath or a serious algae problem. Notre Dame's famous jocks are ossified as the Fighting Irish, though Hibernian-American athletes are about as rare in South Bend as they are on

the Boston Celtics. Nothing exposed the nickname crisis more starkly than the 1982 NCAA basketball championship game played between the Georgetown Hoyas and the North Carolina Tar Heels. Even if you know what a hoyo or a tarheel is, the only sensible strategy is to forget it. (For those overwhelmed by a need to know, hoyo is short for *Hoya saxa!*, a garbled Greek and Latin cheer meaning "What rocks!", and tarheel originated during the Civil War as a disparaging term for folks from the Carolina pine forests.) Few knew what the Fort Wayne Zollner Pistons were when a pro basketball team played under that name. (They were players owned by Fred Zollner, who also happened to own a piston factory in Fort Wayne.) The early vogue of naming a team for a person seems to have come to an end with Paul Brown, the original coach of the Cleveland Browns. Fans who found the cult of personality distasteful at least were grateful that he wasn't named Stumblebrenner.

The Zollner Pistons eventually became the Detroit Pistons, showing that some nicknames travel well. The Brooklyn Dodgers, named for the difficulty of evading trolley cars in the famous borough, are now the Los Angeles Dodgers, where evading mayhem on the freeways is equally hard. The name Los Angeles Lakers, however, makes no sense at all, though it did when the team was in Minnesota. Utah, with its Mormon tradition, could easily have accepted the New Orleans football team (the Saints, as in Latter-Day Saints and saints who go marching in). Instead it got the New Orleans basketball team, now known as the Utah Jazz, which makes about as much sense as the New Orleans Taberna-cle Choir.

In general, nicknames are supposed to come from two categories: animals that specialize in messy predation (lions, sharks,



falcons and so forth) or humans famous for rapine and pillage (pirates, buccaners, Vikings, conquistadors, bandits, raiders, etc.). The image of mangled flesh must be evoked, but tastefully, one reason why there are no teams named the Massacres or the Serial Murderers. The aim, of course, is to borrow ferocity, but there are signs of change. Some years ago, students at Scottsdale Community College in Arizona voted to name their team the

Artichokes and picked pink and white as the team colors. Authorities balked, but three years later students got half a loaf: the team is the Artichokes, but the colors are blue and white. Last year a similar nickname struggle took place. By 5 to 1, students at the University of California at Santa Cruz voted to call school teams the Banana Slugs in honor of a slimy yellow gastropod that swarms over the seaside campus on rainy days. Lest anyone miss the message, pro-Slug students said they meant to twit the "football mentality" of other California schools.

Not every team, of course, can be accused of seeking overly aggressive names. The New York University Violets or the Swarthmore Little Quakers do not induce terror. At Transylvania College, the team nickname is not the Neck Bitters but the Pioneers. Women's teams are caught between the quaint femi-

nine names of the old days (Colleens, Lassies) and the carnage-producing names of male teams. The defunct Women's Pro Basketball League had the Fillies and the Does, but leaned toward unisex names (Pioneers, Stars, Pride, Diamonds and Hustle). Most colleges, however, simply put the word lady in front the men's nickname: the Lady Dragons or the Lady Monarchs. The Midwest Christian Lady Conquerors are deeply awe-inspiring, perhaps a bit more so than the Hofstra Flying Dutchwomen or the Iowa Wesleyan Tigerettes.

In major league baseball, most of the aggressive nicknames, like Pirates and Tigers, are attached to older franchises. Now that the game is played by college-trained millionaires, the newer teams have been more sedately named after seagoers and spacegoers (Mariners, Astros), birds (Blue Jays), religious figures (Angels, Padres) or a dimly remembered world's fair (Expos).

While the nicknames of many older pro

football teams enshrine civic boosterism (Packers, Steelers, Oilers), newer names include most of the violent ones. The United States Football League produced the Invaders, Maulers, Gamblers, Gunslingers and Outlaws. As one irritated analyst put it, this group "sounds like the roster from a Hell's Angels' convention."

The growth areas for team names are the military-industrial complex (Jets, Supersonics, Generals, Astros, Bombers, Rockets) and the more nostalgic violence of cowboys and Indians (Braves, Redskins, Chiefs, Indians, Outlaws, Cowboys, Wranglers and Rangers).

Copycat names (Oakland Raiders, Oakland Invaders) are also popular. After the New York Mets came the football Jets, basketball Nets, the team-tennis Sets and the Off-Track Betting Bets (known locally as the Debts). There was even some loose talk of a water-polo squad to be known, inevitably, as the Wets, and a women's basketball team, the Pets. This sort of second-hand glory is an old story in sports, dating back at least to football's Detroit Lions' and Chicago Bears' attempting to identify with the established baseball teams, the Detroit Tigers and Chicago Cubs. Another kind of identity problem forced the Cincinnati Reds, America's oldest professional sports team, to change their name to the Redlegs during the height of the cold war. One Cincinnati sportswriter objected on the ground that since the Moscow Reds were the newcomers, they should be asked to change their name.

Every now and then a franchise attempts a punning name. A hockey team in Georgia was known as the Macon Whoopes, and the Los Angeles Rams cheerleaders were once called the Embraceable Ewes. The name Buffalo Bills is a pun of sorts. So was the name of the late American Basketball Association team, the St. Louis Spirits. (Get it? *The Spirit of St. Louis?*) Perhaps one day we will have the Norman (Okla.) Conquests or the Greenwich Village Idiots.

One trend is to name teams for malevolent forces, such as the Blast, Sting, Blizzard and Blitz. Three team names celebrate disasters that destroyed much of their native locale: the Golden Bay Earthquakes, Chicago Fire and Atlanta (now Calgary) Flames. Such a breakthrough in reverse civic pride may yet induce other cities to celebrate their local disasters. Just think. The Boston Stranglers, the New York Muggers, the Washington Scams, the Los Angeles Smog. . .

—By John Leo



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